



**um** usha martin

An  
integrated  
speciality  
steel

&

global  
wire rope  
company

annual report  
2011 - 12



What is it that empowers us with a great vision and a higher purpose? What are our distinct values and unwavering commitment based on? What is the invincible stimulus that we draw our spirit and willpower from? What is it that our genesis and life forces take birth from? It's called the DNA. The absolute, all-embracing, yet most fundamental entity that has stood us where we are today. And shall take us where we want to go tomorrow.

At Usha Martin, our DNA is as strong as steel. As agile as steel.

## Product basket and applications

### Wires

- Needle wires
- Watch springs
- Automobile components

### Wire Ropes

- Oil Rigs
- Cranes
- Elevators
- Mines
- Ropeways
- Bridges
- Shipping
- Other Construction Purpose

### Strands

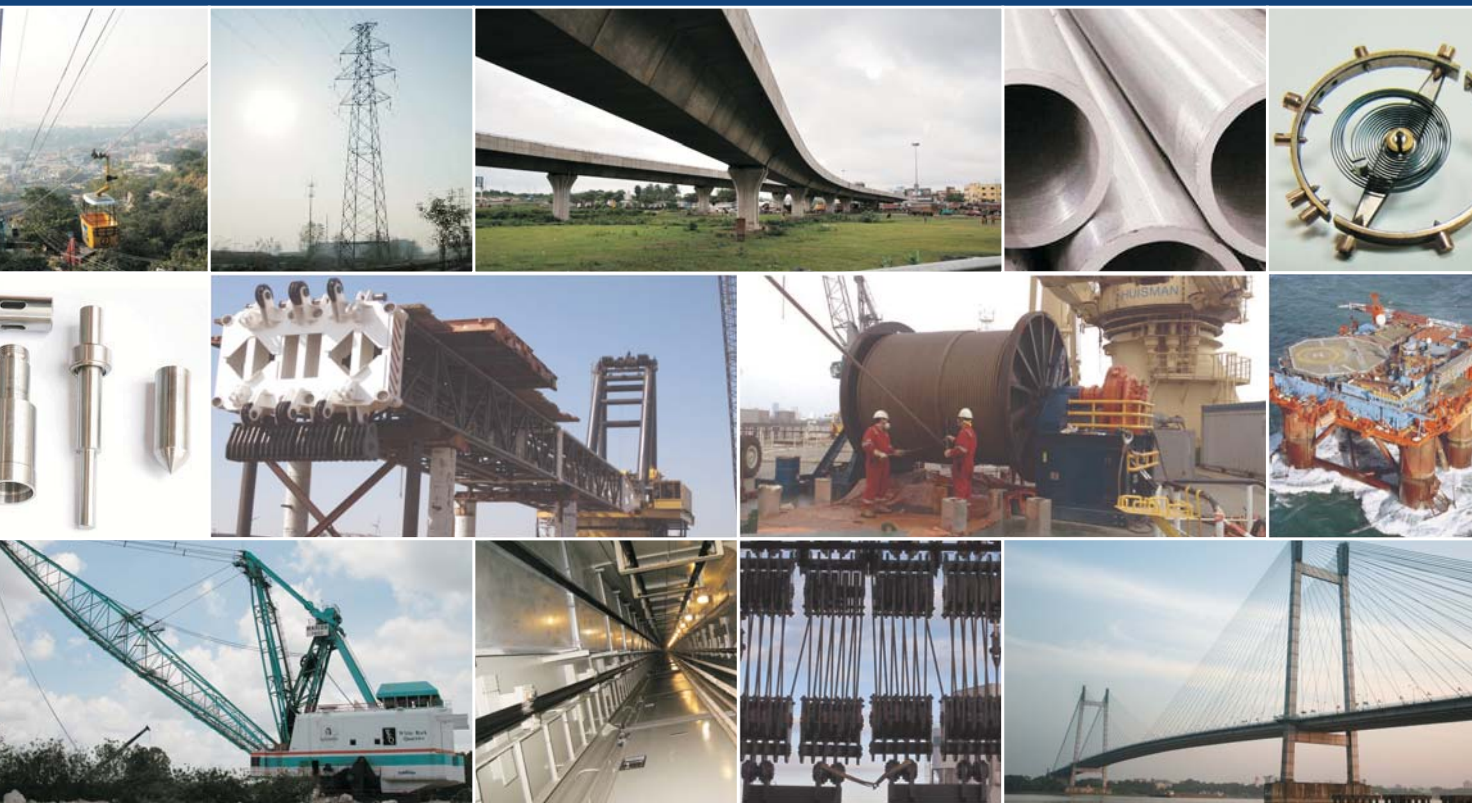
- Power Transmission
- Bridge (LRPC)
- Flyovers (LRPC)
- Buildings (LRPC)
- Fishing Ropes

### Conveyor Cords

- Mining
- Other heavy industry

### Steel

- Automobile/ Auto Component Industry
- Aluminium Smealtors
- Bearings
- Hand Tools
- Heavy Earth Moving Equipments
- Oil & Gas Industry
- Railways
- Seamless Tubes
- Tractors



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# Corporate Information

## Board of Directors

Mr. B K Jhavar	- Chairman Emeritus
Mr. Prashant Jhavar	- Chairman
Mr. Brij K Jhavar	- Director
Mr. A K Chaudhri	- Director
Mr. S Singhal	- Director
Mrs. Ramni Nirula	- Director
Mr. G N Bajpai	- Director
Mr. Nripendra Misra	- Director
Mr. Jitender Balakrishnan	- Director
Mr. Rajeev Jhavar	- Managing Director
Dr. Vijay Sharma	- Jt. Managing Director [Steel Business]
Mr. P K Jain	- Jt. Managing Director [Wire & Wire Ropes Business]

## Senior Management Team

### India

Mr. A K Somani	- Chief Financial Officer & Company Secretary
Mr. Debasish Mazumder	- Associate President [Steel]
Mr. Sanjay Nath	- Sr. Vice President [Sales & Marketing]
Mr. D J Basu	- Sr. Vice President [HR]
Mr. S K Jala	- Sr. Vice President [IT]
Mr. Rajesh Sharma	- Sr. Vice President [Wire & Wire Rope Division]
Mr. Sunil Gupta	- Sr. Vice President [Commercial]
Mr. Anjan Kumar Dey	- Sr. Vice President [Iron Making]
Mr. Malay Kumar De	- Sr. Vice President [Metallurgical Services]
Mr. Arvind Kapoor	- Vice President [Marketing]

### Europe

Mr. S Jodhawat	- Chief Executive Officer – Usha Martin International Limited
Mr. Paul Scutt	- Managing Director – European Marine & Management
Mr. Len Allen	- Director Operations – Brunton Shaw UK
Mr. Henk Steenbergen	- General Manager – De Ruyter Staalkabel B.V

### South East Asia

Mr. Amogh Sharma	- Managing Director – Usha Siam Steel Industries Public Co. Ltd.
Mr. Tapas Ganguly	- Chief Executive Officer – Usha Martin Singapore Pte Ltd.

### Middle East

Mr. S. Mazumder	- Sr. DGM, Sales & Marketing – Brunton Wolf Wire Ropes, Fzco.
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### United States of America

Mr. Sunil Sadani	- Vice President – Usha Martin Americas Inc.
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## Registered & Corporate Office :

2A, Shakespeare Sarani  
Kolkata – 700 071, India  
Phone : 033 – 39800300  
Fax : 033 – 39800400  
Email : investor\_relation@ushamartin.co.in  
Website : www.ushamartin.com

## Works :

Adityapur, Jamshedpur  
Tatilswai, Ranchi  
Hoshiarpur, Punjab  
Nawalganj, Agra, UP  
Sri Perumbudur, Tamil Nadu

## Mines :

Barajamda, Jharkhand  
Daltonganj, Jharkhand

## Bankers :

State Bank of India  
Axis Bank Limited  
ICICI Bank Limited  
HDFC Bank Limited  
IndusInd Bank Limited  
Yes Bank Limited

## Auditors :

Price Waterhouse  
Plot No.Y-14, Block EP  
Salt Lake Electronic Complex  
Sector V, Bidhan Nagar  
Kolkata – 700 091

## Share Listings :

NSE – Scripcode – USHAMART  
BSE – Scripcode – 517146  
Societe de la Bourse de Luxembourg - GDRs  
ISIN No.INE228A01035

## Registrar & Transfer Agent :

MCS Limited  
77/2A, Hazra Road, Kolkata – 700 029  
Phone : 033 – 24541892-93 / 40724051-53  
Fax : 033 – 24541961 / 24747674 / 40724050  
Email : mcskol@rediffmail.com

# Directors' Report

## Dear Shareholders,

The Board of Directors of your Company takes pleasure in presenting 26th Annual Report and audited accounts of your Company for the financial year ended 31st March, 2012.

(Rs. in Cr.)

Financial Results	Stand Alone		Consolidated	
	31 March, 2012	31 March, 2011	31 March, 2012	31 March, 2011
Gross Sales including inter company/division sales and excise duty	3920.16	3475.71	4932.00	4406.66
Less: Excise Duty	243.87	215.53	253.92	221.83
Less : Inter company/ division sales	839.40	735.47	1317.26	1140.24
Net Sales excluding excise duty and inter company/division sales	2836.89	2524.71	3360.82	3044.59
Other Income	42.64	48.81	63.94	43.02
Net Sales and Other Income	2879.53	2573.52	3424.76	3087.61
Profit Before Depreciation & Tax	153.95	321.79	234.11	405.03
Depreciation	197.76	176.49	222.71	200.96
Profit Before Tax	(-)43.81	145.30	11.40	204.07
Tax expenses (including deferred tax)	(-)11.04	45.77	4.78	64.04
Profit After Tax	(-)32.77	99.53	6.62	140.03
Minority Interest			(-)3.01	(-)3.00
Profit after Taxation and Minority interest			3.61	137.03
Profit Brought Forward from Previous Year	55.44	41.11	263.86	212.14
Appropriations are made as under:				
-General Reserve		50.00		50.01
-Transfer to Capital Redemption Reserve				
-Proposed Dividend on Equity Shares and tax thereon		35.20	0.09	35.30
-Balance Carried Forward to next year	22.67	55.44	267.38	263.86

### Review of Operations

During the financial year 2011-12, the Company has faced challenges of high cost of inputs which could not be passed on to customers due to difficult business environment. In addition, Usha Siam Steel Industries Public Company Limited, a subsidiary of the Company remained out of operation for sizeable part in second half of year due to unprecedented floods in Thailand.

As a result, the Company's operating profit reduced to Rs.497.76 Crs. on consolidated basis and Rs.408.80 Crs on standalone basis from Rs.595.03 Crs and Rs.504.05 Crs respectively. The impact on profit before and after tax

was even more severe. On consolidated basis, the Company could achieve profit after tax and minority interest of Rs.3.61 Crs. against Rs.137.03 Crs. in previous year. On standalone basis, there was loss after tax of Rs.32.77 Crs against profit after tax of Rs.99.53 Crs. in the previous year.

The turnover, however, increased to Rs.3360.82 Crs on consolidated basis and Rs.2836.89 Crs on standalone basis during the year against Rs.3044.59 Crs and Rs.2524.71 Crs respectively in the previous year.

### Dividend

Under the circumstances, the Board of Directors express

their inability to recommend payment of any dividend to shareholders for the year ended 31st March, 2012.

### Projects

The capex plans undertaken by the Company to further perpetuate the advantage of cost competitiveness are under various stages of implementation and are expected to be commissioned in phases over FY 2012-13 and 2013-14. The projects under implementation include pelletisation plant, coke oven, 2 DRI plants and Waste Heat based 65 MW Captive Power plants and other related projects. Upon completion, these projects would significantly strengthen cost base, which in turn would enhance profitability and competitiveness.

### Business Outlook

The business conditions continue to remain sub-optimal amidst global and domestic challenges. While in inflationary economy, costs may rise further, uncertain business environment (which disturbs chain of economic activities) reduces ability to resist against such adverse pressures. However, the Company believes that with the hope of Government taking suitable initiatives to restore confidence and environment conducive for growth, the inherent advantages of business model, would enable the Company to improve its performance in FY 12-13 and subsequent years.

### Subsidiaries

The international subsidiaries provide significant synergy and support to the Company's business and performance. All the operating subsidiaries of the Company have continued to perform reasonably well during the year under review.

The facilities of Usha Siam Steel Industries Public Company Limited [USSIL], a key subsidiary of the Company became in-operational due to unprecedented floods in Thailand in October'11 which inundated all major industrial areas of Thailand for over 2 months. The Navanakorn Industrial Area, where USSIL's facilities are located, had water accumulation of more than 6 ft. The industrial activities and other operations suffered for over 4 months. After receding of water, the restoration of normalcy in industrial activities is still under way in other parts, USSIL could start partial operations in February'12. Full level of activities are expected to be resumed by second quarter of FY 12-13. The insurance policy taken by USSIL covers consequential losses to assets and profits out of flood and other perils.

The Statement under Section 212 of the Companies Act, 1956 in respect of subsidiaries of the Company is given separately.

### Joint Ventures

All the key joint ventures formed by the Company namely, Pengg Usha Martin Wires Pvt. Ltd., Gustav Wolf Specialty Cords Ltd. and Dove Airlines Pvt. Ltd., have done reasonably well in the year under review.

### TPM & Quality

The Company attaches high importance to quality and TPM in all its operations for achieving tangible and intangible benefits to ensure operational excellence.

Steel Division and Wire Ropes & Speciality Products Division continue to have certification for its quality management systems being in accordance with ISO 9001 2000 from BVQI.

Both Steel Division & Wire Ropes and Speciality Products Division had received consistency awards for Total Productive Maintenance from JIPM.

### Environment

All manufacturing plants have a focus on workplace health and safety.

Steel Division and Wire Ropes & Speciality Products Division continue to enjoy Certification under ISO 14001 Environment Management Systems (EMS) Standards from Det Norske Veritas (DNV), of U.K. The effectiveness of these systems is evident from reduced oil and water consumption, reuse of waste oils and water, utilization of iron containing wastes and improved green cover in steel plant site.

Wire Rope & Specialty Products Division has been achieving significant improvements in effluent treatment plant to eliminate sludge carry over by incorporation of filter press, the output of which is being used for non critical applications, and continues to target zero discharge condition. This Division has also reduced air pollution by converting from oil to LPG and eliminating emission of un-burnt fuels in atmosphere.

### Human Resources

The Board of Directors express their appreciation for sincere efforts made by employees of your Company at all levels during 2011-12 and their co-operation in maintaining cordial relations.

Your directors believe and affirm importance of development

## Directors' Report

of human resources, which is most valuable and key element in bringing all round improvement and achieving growth of business.

USSIL, subsidiary of the Company, was awarded 'Outstanding Establishment on Labour Relation & Welfare' by Ministry of Labour, Royal Thai Government for the years 2008, 2009, 2010 and 2011.

The information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forms part of this Report.

### Deposits

As on 31st March, 2012, there are unclaimed deposits of Rs.0.04 Crs.

### Corporate Governance

Your Company has complied with requirements of Clause 49 of Listing Agreement and followed practice of getting disclosures from directors and senior management personnel relating to any material financial and commercial transactions where they have any personal interest with a potential conflict of interest with the Company at large. Your Company recognizes importance of good Corporate Governance as a step for building stakeholders' confidence, improving investor protection and enhancing long-term enterprise value.

A detailed report on Corporate Governance is annexed.

### Directors

Mr. B K Jhawar, Mr Brij K Jhawar, Mr P K Jain and Mr A K Chaudhri are retiring by rotation.

Mr. A K Basu retired by rotation in last annual general meeting. Your directors place on record their warm appreciation for contribution made by him in progress and growth of the Company.

During the year, Dr P Bhattacharya, Jt Managing Director retired from the services of the Company on attaining the age of superannuation. Your directors place on record their warm appreciation for contribution made by him in progress and growth of the Company.

With effect from 1st February, 2012, Dr. Vijay Sharma and Mr. P K Jain, Executive Directors were designated as Jt. Managing Director [Steel Business] and Jt. Managing Director [Wire & Wire Ropes Business] respectively.

### Directors' Responsibility Statement

Pursuant to requirements under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed that:

(i) the applicable accounting standards have been followed in preparation of annual accounts for financial year ended 31st March, 2012 and proper explanations have been furnished relating to material departures ;

(ii) the accounting policies have been selected and applied consistently and reasonably except to the extent of change in Accounting Policy mentioned hereinafter, and prudent judgments and estimates have been made so as to give a true and fair view of state of affairs of the Company at end of financial year and of profit of the Company for year under review ;

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

(iv) the annual accounts for financial year ended 31st March, 2012 have been prepared on a going concern basis.

### Accounting Policy

During the year, there has been a sharp depreciation in value of INR against US \$ and other global currencies. Recognising severity of the impact, Ministry of Corporate Affairs has amended AS-11, allowing an option to corporates to account for change in value of long term loans to respective fixed assets and depreciate over life of such assets if the loan is for acquisition of fixed assets, and in case of other loans, to Foreign Currency Monetary Item Translation Difference Account and amortise over balance period of liability. The Company has decided to exercise this option and accordingly there has been a change in Accounting Policy.

### CEO / CFO Certification

The Managing Director and Chief Financial Officer of the Company submitted a certificate to Board of Directors as required under Clause 49 of Listing Agreement for the year ended 31st March, 2012.

### Additional Disclosures

In line with requirements of Listing Agreements and Accounting Standards issued by the Institute of Chartered Accountants of India, your Company made additional disclosures in respect of Consolidated Financial Statements, Related Party Transactions and Segmental Reporting.

### Auditors

The auditors, M/s. Price Waterhouse, Chartered Accountants, retire at conclusion of forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

Your directors invite your attention to note 41 to the accounts, referred to by Auditors in para 4 of their report. These notes are self explanatory and along with explanations given hereinabove under respective heads, provide required clarifications on references made by Auditors.

### Cost Auditors

During the year, Board appointed M/s. Guha, Ghosh, Kar

& Associates, Cost Accountants, to conduct cost audit of the Company. The Company filed application with Central Government for financial year 2011-12 for appointment of Cost Auditor and the approval is deemed to have been received.

#### Energy Conservation

As required under Section 217(1)(e) of the Companies Act, 1956, details regarding conservation of energy, technology absorption and foreign exchange earning and outgo are given in the Annexure attached hereto and form part of this Report.

#### Corporate Social Responsibility

Your Company has always been alive to its' responsibility to the society and accordingly been giving very high priority and commitment towards discharge of the same.

USSIL was awarded TLS 8001-2010 Certificate for having achieved requirements of Thai Corporate Social Responsibility by Ministry of Labour, Royal Thai Government.

A detailed report on various initiatives in this regard is attached and forms part of this Report.

#### Appreciation

Your directors place on record their appreciation for valuable co-operation and support of customers, suppliers, contractors, shareholders, investors, government authorities, financial institutions, banks, partners and collaborators.

On behalf of the Board of Directors

Kolkata  
10th May 2012

**P Jhawar**  
Chairman

## Annexure to the Directors' Report

Information as per Section 217(1) (e) of the Companies Act, 1956 read with 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, 2012

### 1. Conservation of Energy

#### a) Energy conservation measures taken:

- i. Use of BF gas in place of liquid fuel in rolling mills.
- ii. Coal Injection to replace coke by 100 kg/thm in Blast Furnace.
- iii. Use of washed Iron Ore Fines in sinter resulting in higher Fe in sinter leading to 10 kg/thm saving in fuel rate in Blast furnace
- iv. Commissioning of Hot Blast Stove in BF 1 to increase Hot Blast temperature thereby reducing coke rate by 30kg/thm.
- v. Use of oxygen in electric arc furnace resulting in lower power consumption
- vi. Improved heat recovery by installing new Recuperator with modified design at rolling mill heating furnace.
- vii. Replacing heavier metallic blades by lighter FRP blades & hollow hub for cooling tower fans.
- viii. Lighting control has been automated through timer switch.
- ix. Installed water flow meter for monitoring & judicious utilization of water thereby reducing pumping requirement.
- x. Replacement of control cooling conveyors DC

drives with AC drives in Rolling Mill improving process efficiency.

- xi. Cooling tower fan operation at CPP has been interlocked with water temperature at CPP resulting in saving of power.
- xii. Variable Frequency Drives (VFD) has been installed in various blowers in the Wire Rod Mill and also in ID Fans and Vibro Feeder in Captive Power Plants.
- xiii. Use of soft starters for heavy duty fan application.
- xiv. Replacement of drive arrangements and old motors & pumps in furnace area resulting in conservation of power.

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

- i. The Company is in expansion mode including installation of 2 Nos. 30 MW CPP, 0.4 MTPA non recovery Coke Plant, DRI-4&5 and up-gradation of BF-1. and 1.2 MTPA Pellet Plant. The Captive Power Plants are based on waste heat recovery from Coke and DRI plants.
- ii. Various steps are being taken in SMS to reduce power consumption through process improvements.
- iii. The Company is investing in Producer Gas which will reduce furnace oil consumption in rolling mills.
- iv. The Company is investing in Char Beneficiation

## Annexure to the Directors' Report (Contd.)

Project. This processed char will replace part coal consumption in Captive Power Plants.

- v. The Company has been selected by Bureau of Energy Efficiency (BEE) as a designated consumer under the Government Perform, Achieve and Trade (PAT) Scheme whereby it has been given target to reduce specific energy consumption in the year 2012-13 to 2014-15.
- vi. Retrofitting of lighting saver in lighting loads and AC saver to reduce power consumption.

Energy conservation is an ongoing process and there is a continuous programme to create awareness and motivate the employees to conserve energy through small group activities.

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

With the implementation of the above measures, energy cost is expected to be reduced and consequently there will be impact on the cost of production.

### d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of industries specified in the Schedule thereto annexed.

## 2. Technology Absorption

### 1) Research and Development (R&D)

#### a) Specified areas in which R & D carried out by the Company :

The Company is constantly striving to set global benchmark in terms of Quality, Cost & Performance and remains committed to TPM. The improvement and development activities carried out are:

- i. Development of various grades of steel required by Auto, Auto Ancillaries, Engineering Application, Defense and Railways including rolling and further processing.
- ii. Development of Steel Bars for anode & cathode bar application used in Aluminum Smelters.
- iii. Development of CHQ Wire for high end wire application for various OEM's
- iv. Higher utilization of steel plant waste like Mill scale, BF Flue dust, ESP dust, DRI fines in sinter.
- v. Beneficiation of Iron ore fines to upgrade Fe content in iron ore.
- vi. Development of steel products with improved surface integrity.
- vii. Production of cleaner steel with low residual.

- viii. Mining & Processing of Iron Ore from captive mines and productive utilization of the same in Blast Furnace & DRI plants. A detailed study was also conducted jointly with Institute of Mineral & Materials Technology, Bhubaneswar.
- ix. Developed extra high strength Anchor Mooring Ropes having higher breaking load per unit steel content within the rope.

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

- i. Development and supply of critical steel for medium & heavy commercial vehicles and auto ancillary producers which is a fast growing sector in India.
- ii. Micro alloyed steel developed has higher strength to weight ratio enabling production of wire ropes with increased load carrying capacity, higher product life cycle, etc.
- iii. Cleaner steel development has enabled manufacturing products having higher field life specifically with improved fatigue properties.
- iv. Higher productivity and reduction of processing cost during wire drawing.
- v. Efficient and productive utilization of iron Ore through conventional DRI & BF plants
- vi. Introduction of new & improved products to stay ahead of competition and technology driven obsolescence.
- vii. Increase in the consistency & reliability of our products.
- viii. Improvement in product performance resulting in increase of customer satisfaction in high end product segment.

#### c) Future plan of action :

- i. A new finishing line for alloy steel rolled bars comprising of Roller Strengtheners and automatic ultra sonic testing machine of rolled product. This will ensure defect free bar to the customer.
- ii. Installed annealing furnace for wire rods based on cracked ammonia technology for zero decarburization control in annealed condition alloy with shot blasting machine. This will ensure no pickling for scale removal of coils.
- iii. EAF 1 will be modified to EBT type from existing slide gate system of tapping. This will lead to consistent slag free tapping and improve steel quality
- iv. In CCM-1, existing 2 strand caster to be modified to 3 strand caster to reduce casting time from 80 minutes to 60 minutes, machine radius to be



- increased from 4 mtrs. to 6 mtrs. This will lead to improvement in surface & internal quality of billet.
- v. Additional vacuum degassing system in SMS-1 & 2 shop will reduce ladle holding time and improve steel quality.
  - vi. 4 strand caster in SMS-3 to improve shop productivity and improve billet / bloom quality.
  - vii. Introduction of induction heating of tundish in CCM-3 will facilitate casting of critical clogging prone grades at a constant superheat thus improving blooms internal quality.
  - viii. In CCM-3 trials with different quality and different designs (four port) of black refractory are being planned to avoid clogging in medium carbon resulphurized grades to improve steel quality and productivity.
  - ix. Installation of Orbis Gauge at Wire Rod Mill (2 nos.) for improved section control.
  - x. Refurbish existing eddy current setup for increasing effectiveness of detecting surface defect of wire rods at high speed rolling.
  - xi. Additional De-scaler at Wire Rod Mill to avoid secondary scale & better surface quality.
  - xii. To Install Induction heating coil at Wire Rod Mill before Stand No.6 to homogenize the temperature of rolled bars and to roll spring steel at lower temperature for controlling decarburization without damaging the plant equipment.
  - xiii. Addition of rollers in between the nozzles at Wire Rod Mill for controlling scratches of coils during garret rolling.
  - xiv. Installation of Orbis Gauge at Blooming Mill and additional De-scaler for improved section control and to avoid secondary scale for better surface quality.
  - xv. Introduction of guides in Reversing Mill (Blooming Mill) to control collaring and kink bend.
  - xvi. Replacement of friction guide by roller guide (Blooming Mill) to control twisting of bars during RCS rolling.
  - xvii. Capital Repair of BF1 with increased volume for higher hot metal production and improved cooling technology to improve furnace campaign life. Introduction of pulverized coal injection to replace coke in BF1.
  - xviii. Commissioning of producer gas units to replace usage of oil in reheating furnaces in rolling mills.
  - xix. Beneficiation of iron ore fines to upgrade Fe

content in sinter & pellet.

- xx. Introduced improved (compact and platicated) products and increase capability and volume of special wire ropes particularly for crane industry.
- xxi. Development of products and increase of market share of special products for use in crane, fishing, elevator, structural and mining industry in both domestic and overseas markets.

**d) Expenditure on R & D:** (Rs. in lacs)

(i)	Capital	649
(ii)	Recurring	93
(iii)	<b>Total</b>	<b>742</b>
(iv)	Percentage of total turnover	0.24%

**2) Technology absorption, adoption and innovation :**

**(i) Technology absorption, adoption and innovation include the following :**

- Bloom casting through continuous casting machine for production of special grade alloy steel and carbon steel. Caster standardized and taken into commercial production.
- Static Var Compensation (SVC) installed in the main power distribution system for improving power factor.
- Installation and stabilization of continuous cold drawing machine for production of bars from wire rod coils through on line descaling system and on line surface quality evaluating system.

**(ii) Benefits derived as a result of the above efforts :**

- (a) Approvals received from various OEM such as Arvind Meritor, Caterpillar, International Tractor, WIPRO, Automotive Axle, Graziano Application for supply of bars (including bright bars) for the forging & machining industry.
- (b) Metallurgical preparedness for the future business of alloy & specialty steel.

**(iii) Information regarding technology imported during last 5 years: Nil**

**3. Foreign Exchange earnings and outgo:**

- (i) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans already explained in Directors' Report and MD & A.
- (ii) Total Foreign exchange earned and used for the year is as follows: (Rs. in lacs)

Foreign exchange earned	47074
Foreign exchange used	64243

# FORM A

## Conservation of Energy

Annexure to Directors' Report-Information under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

### A) Power and Fuel Consumption

	31st March, 2012	31st March, 2011
<b>(1) Electricity</b>		
<b>a) Purchased</b>		
Units ( Thousand KWH)	266,302	256,934
Total amount (Rs.in Lacs)	14,640	12,799
Average Rate/Unit (Rs./KWH)	5.50	4.98
<b>b) Own Generation</b>		
<b>(i) Through Diesel Generator</b>		
Units ( Thousand KWH)	3,940	4,317
Units per ltr. of Diesel Oil (KWH)	3.05	3.16
Average Cost/Unit (Rs./KWH)	16.20	13.61
<b>(ii) Through Coal based Power Plant</b>		
Units ( Thousand KWH)	507,760	484,961
Units per kg. of Coal/Char	1.03	0.96
Average Cost/Unit (Rs./KWH)	1.70	1.39
<b>(iii) Through Steam Turbine/Generator</b>		
Units ( Thousand KWH)	18,953	24,839
Units per ltr. of Fuel Oil/BF Gas	35.85	138.38
Average Cost/Unit (Rs./KWH)	1.59	0.33
<b>(iv) Through Natural Gas</b>		
Units ( Thousand KWH)	-	-
Units per CuM. of Natural Gas	-	-
Average Cost/Unit (Rs./CuM)	-	-

	31st March, 2012			31st March, 2011		
	Process	Power		Process	Power	
<b>(2) Coal</b>						
(Specify Quality & Where Used)						
(Grade 'A', 'B', 'D', 'E', 'F' & 'Char/Fines')						
Quantity (M.T.)	420,029	494,880	914,909	506,591	506,060	1,012,651
Total Cost (Rs.in Lacs)			20,177			17,488
Avg. Rate (Rs./Tonne)			2,205.39			1,726.96
<b>(3) Furnace Oil</b>						
Quantity (Kilo Ltrs.)			21,340			24,940
Total Cost (Rs.in Lacs)			8,090			7,012
Avg. Rate (Rs./Litre)			37.91			28.11
<b>(4) Light Diesel Oil /HSD Oil</b>						
Quantity (Kilo. Ltrs.)			4,474			4,211
Total Cost (Rs.in Lacs)			2,413			1,832
Avg. Rate (Rs./Litre)			53.93			43.49

	31st March, 2012			31st March, 2011		
	Process	Power		Process	Power	
<b>(5) Propane/Butane</b>						
Quantity (Tonne)			4,574			4,257
Total Cost (Rs.in Lacs)			2,460			1,863
Avg.Rate (Rs./Tonne)			53,788			43,756
<b>(6) Natural Gas</b>						
Quantity (Thousand CuM)			2,125			2,012
Total Cost (Rs.in Lacs)			241			182
Avg.Rate (Rs./CuM)			11.33			9.06

#### B) CONSUMPTION PER UNIT OF PRODUCTION

Particulars	Wire/Wire Ropes/Strand/Bright Bar/Conveyor-cords (per tonne)	Wire Rods (per tonne)	Billets (per tonne)	Pig/Hot Metal (per tonne)	Sponge Iron (per tonne)	Rolled Products (per tonne)	Bloom (per tonne)	Sinter (per tonne)	Own Power Generation (per kwh)
Electricity (Units)	522 (530)	173 (150)	703 (749)	176 (197)	119 (89)	132 (123)	126 (202)	43 (51)	-
Furnace Oil (Litres)	0.909 -	35.821 (34.874)	4.991 (5.479)	- -	- -	- -	43.028 (72.182)	- -	-
Light Diesel Oil/HSD (Litres)	3.209 (3.009)	- (0.031)	5.640 (6.295)	0.225 (0.092)	0.250 (0.167)	- -	- -	0.055 (0.662)	-
Propane/Butane (Tonnes)	0.023 (0.023)	- -	- -	- -	- -	- -	- -	- -	-
Natural Gas (Thousand CuM)	- -	- -	- -	- -	- -	0.052 (0.047)	- -	- -	-
Coal (Tonnes)	- -	- -	0.032 (0.027)	- -	1.969 (2.079)	- -	- -	- -	0.975 (1.044)

Note :- Previous year's figures are given in brackets.

Kolkata  
10th May, 2012

On behalf of the Board of Directors  
**P JHAWAR**  
Chairman

#### Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, and forming part of the Directors' Report for the year ended 31st March, 2012.

Name; Age (Years); Designation / Nature of Duties; Gross Remuneration (Rs.); Qualification; Experience (Years); Date of Commencement of Employment; Previous Employment – Designation

(A) Employed throughout the financial year and was in excess of remuneration for the year which in the aggregate was not less than Rs.6,000,000.

- (i) Rajeev Jhavar; 47; Managing Director; 9,922,979; B. Com (Hons.); 27; 1-Oct-97; Usha Martin Industries Limited (Since merged with the Company), Jt. Managing Director.  
(ii) Dr Vijay Sharma ; 57; Jt. Managing Director (Steel Business); 21,494,258; B Tech, MS, MBA, PhD; 35; 6-Jan-10; JSW Steel Ltd, Jt. Managing Director and Chief Executive Officer.  
(iii) Pravin Kumar Jain; 58; Jt. Managing Director (Wire and Wire Ropes Business); 15,660,748; B.Tech, MBA; 35; 1-Sep-09; Brunton Wolf Wire Ropes, Fzco, Managing Director.  
(iv) A K Somani ; 58; Chief Financial Officer & Company Secretary; 8,372,700; B. Com., C.A. C.S; 33; 3-Apr-90; Emami Paper Mills, Vice President – Commercial.

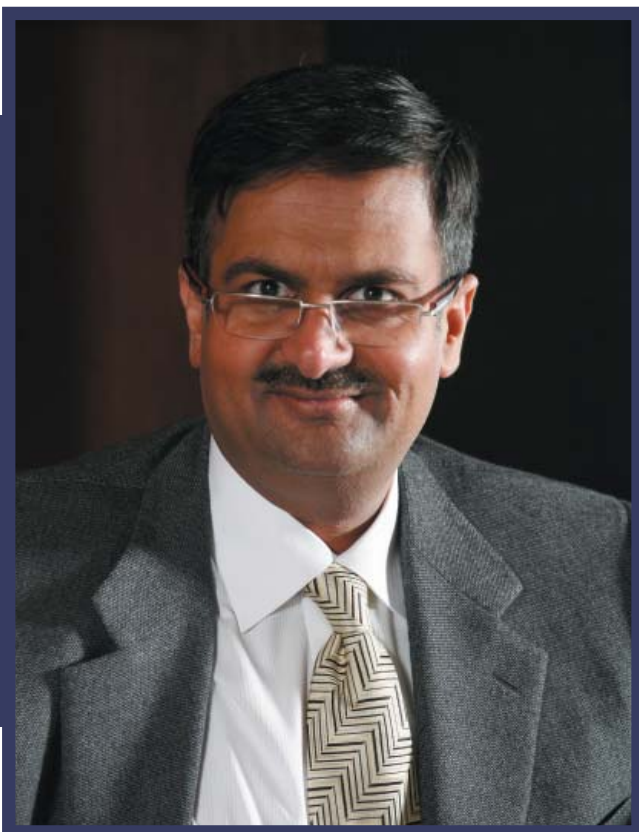
(B) Employed for a part of the financial year and was in receipt of remuneration for any part of the year at a rate which in the aggregate was not less than Rs.500,000 per month.

- (i) Dr P Bhattacharya; 66; Jt. Managing Director; 4,741,344; B.E (Mech.), M. Tech (Design Engg.), PhD (Solid Mechanics); 44; 2-Feb-98; Essar Steels Limited, Chief Operations Officer.  
(ii) Som Nath Guha; 55; Chief Operating Officer (Steel Business); 3,451,043; B. Tech., M.Tech.(Metallurgy);31; 1-Oct-97;Usha Martin Industries Limited (Since merged with the Company), Vice President (Technical).  
(iii) Debasish Mazumdar; 48; Associate President (Steel); 3,840,737; B.E.(Metallurgy);25; 1-Sep-11;Electrotherm India Limited, President-Works.

Notes: (1) The terms of appointment of Managing Director and Joint Managing Directors are contractual. All other appointments are non-contractual and terminable by notice on either side; (2) Remuneration includes basic salary, allowances, taxable value of perquisites etc. The term remuneration has the meaning assigned to it in the Explanation to Section 198 of the Companies Act, 1956.; (3) None of the employees named above is a relative of any Director of the Company except, Mr Rajeev Jhavar who is a relative of Mr Brij K Jhavar, a Director of the Company.

Kolkata  
10th May, 2012

On behalf of the Board of Directors  
**P JHAWAR**  
Chairman



## Chairman's message

*The business model of your company is robust and the results in the years ahead will reflect the efforts put in by the management at every level.*

### *Dear Shareholders,*

The last year has been quite challenging for the economy, the society and for business. The market conditions have been volatile with slow demand in several sectors along with very heavy monsoon/floods impacting the operations of your company's business in Jharkhand and its subsidiary in Thailand.

While factors like subdued markets, policy uncertainty and heavy monsoon/natural calamities are beyond our control, the areas within the influence of the management were under sharp focus of the management team. These challenges have been met with great determination.

In Usha Martin there is continued emphasis on innovation and investment in product and process technology. Sustained efforts are underway at every level in the organisation to complete the identified and ongoing projects related to process improvements, up-gradation and cost reduction.

These projects will get completed progressively during the course of the current year and the first 2 quarters of the next

financial year. I am convinced that there will be considerable benefits on cost savings, production and productivity improvements after these projects are stabilized, leading to improved performance and returns to all stakeholders.

Total Productivity Management (TPM) is progressing rapidly at all our plants. This leads to improved plant availability, performance and greater economies, besides enhancing team work and team spirit.

The business model of your company is robust and the results in the years ahead will reflect the efforts put in by the management at every level.

Meanwhile, I sincerely appreciate the support and encouragement received from all our stakeholders during these challenging times.

**Prashant Jhavar**  
Chairman



## Managing Director's Overview

### Steel

Since the company initiated its capacity expansion in steel business it has established good position in alloy steel market. You can expect the company to further expand its presence in more markets and deepen its relation with current customers.

Internally, the company aims to strengthen its focus on quality improvement, production efficiencies, capacity expansion and project implementation.

A new continuous caster has been commissioned and I am happy to inform that it has shown a quick stabilization and is giving good production performance. Similarly, the producer gas plant for our rolling mill has started yielding good results for the company.

A number of other projects are due for commissioning this year. I hope that the project teams will continue with the good performance for these projects. This will help the company to continuously raise its internal production benchmarks. Despite the challenging steel market, we expect to continuously increase our production this year.

Last year, we renewed our efforts on TPM and it has started showing benefits. We will continue our journey on this front this year too.

### Value Added Business

The company is a known leader in wire/wire-rope segment and we will continue to strengthen our leadership position in this segment.

This requires a strong focus on customers for new product development as well as their service requirements. The company has already made good progress in this area and is further increasing its efforts to achieve even higher benchmarks on this.

Despite problems in global markets, the overseas subsidiaries have shown strong performance. We will continue to further expand our presence in new geographies where there are ample growth opportunities. There is good scope for organic and inorganic growth in this segment and the company will take appropriate steps in this direction in due course of time.

### Social responsibility

The company's partnership with KGVK has been very strong and is well appreciated by the local communities. As a responsible corporate, we will continue to work passionately with the society and make them our partners in growth.

The year 2012-13 is expected to be a challenging year in both domestic and global markets. But with persistent efforts of our team members, backed with a strong business model, we expect to not only meet these challenges with a renewed vigour but also convert them into opportunities for future growth.

**Rajeev Jhawar**  
Managing Director

# Management Discussion and Analysis

## Economic Overview

The global and domestic economic conditions in financial year 2011-12 remained difficult due to various factors. While US economy was still struggling to come back on path of recovery, unprecedented sovereign debt crisis in some of European countries hugely impacted business conditions not only in Europe but other countries as well. Significant tightening, caution and reduced level of business confidence continue to put downward pressure on growth prospects around the world.

The Indian economy had its own challenges of tackling higher inflation, high fiscal deficit and various other factors. European debt crisis compounded these challenges. As a result in FY 11-12 domestic business continued to be impacted by higher interest rates, higher volatility in foreign exchange with depreciating rupee against major global currencies and moderated GDP growth of around 7% against 8.6% in previous year. The reduction in growth rate in industry segment was even more severe at about 4.5% against 8.2%.

The Index of Industrial Production has dropped to 3.5% during the period of April 11 to February 12 from 8.1% in corresponding period of previous year. During this period, mining and manufacturing sectors have suffered the most with growth remaining (-)2.1% and 3.7% against 5.8% and 8.7% respectively.

## Company Overview

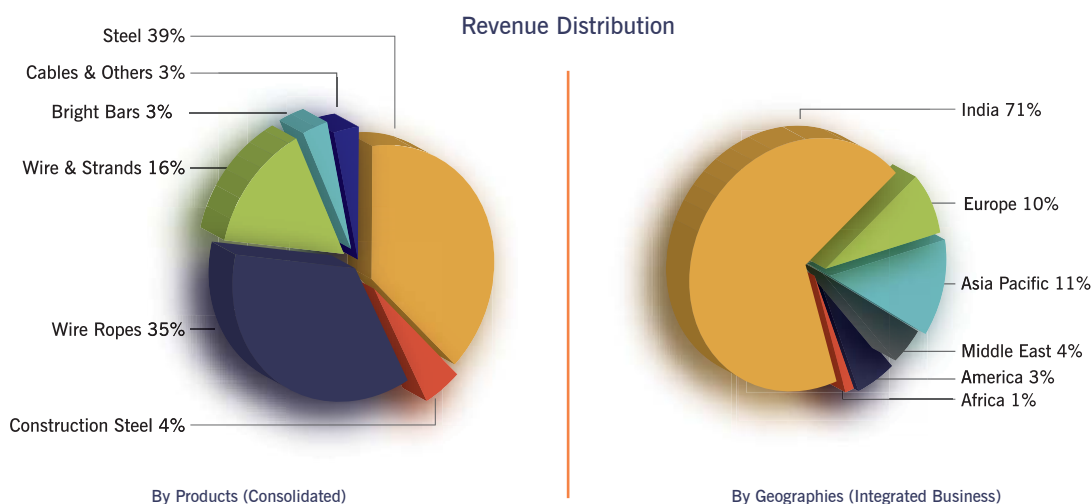
### Business Configuration

Usha Martin is an integrated speciality steel and value added steel products Company, having business locations across various parts of the world under itself, subsidiaries and/or joint ventures.

The Company has state-of-art integrated steel plant near Jamshedpur (Jharkhand) and a rolling mill at Agra (Uttar Pradesh) producing wide range and sizes of specialty steel wire rods and bars, with captive iron ore and coal mines in Jharkhand. The other/auxiliary products include DRI, hot metal, pig iron, sinter, oxygen and power generation, primarily for captive consumption.

The coke oven and pelletisation plants are also being set up. The Company is one of the largest producers of specialty steel in India, catering to requirements for automotive, railways, general engineering and construction sectors.

The steel products manufactured at Jamshedpur facility are sold in market to the extent of 60% and balance 40% are for in-house production of value added products such as wire ropes, wires, strands and bright bars at Ranchi, Hoshiarpur, Chennai and Bangkok. The rolled products manufactured at Agra are sold in domestic market for use in automotive and construction sectors.



In steel wire rope manufacturing, the Company is the largest in India and one of the largest in the world. Its manufacturing plants are located at Ranchi and Hoshiarpur in India, and in Thailand, Dubai and the UK overseas. The wide range of wire ropes produced by the Company has applications in mining, elevators, cranes, bridges, infra-structure, construction, fishing and variety of general purposes.

Besides wire ropes, other value added products includes cords, strands, wires, bright bars and oil tempered wires. The Company also has a plant at Chennai to manufacture bright bars.

The global business of wire rope is supported by marketing, distribution and rigging facilities in various locations in the USA, Europe and south-east Asia. The Company also provides products and solutions for oil and gas sectors for anchoring, drilling and mooring applications out of facilities at Aberdeen in UK and Randaberg in Norway.

The Company has an in-house machinery manufacturing facility at Ranchi to cater to captive engineering requirements as well as external demand in India and export markets.

Through one of its wholly owned subsidiary in India, the Company also manufactures a wide range of telecommunication cables meant for variety of applications and caters to requirements of domestic and export markets.

The strategy of integration places the Company distinctly in a unique position by combining both ends of value creation, from mining to high value wire ropes and further providing end use solutions on its key product applications. In addition to providing benefits of quality, consistency and self sufficiency for principal raw materials, it provides captive markets for sizeable portion of finished products, thereby de-risking both the businesses. And it enables the Company to aspire to become truly competitive across entire chain of chosen products.

## Steel Business

### Business environment

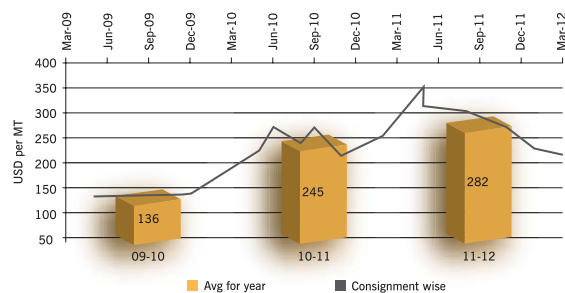
The significant drop in Index of Industrial Production for manufacturing sector, including steel, and mining could be attributed to following which were also responsible for sub-optimal performance of Steel business of the Company during the year:

- Inflation, which remained at elevated level through out

the financial year, resulting in high interest rates and uncertain economic conditions due to European crisis and other external factors were broadly responsible for cautious and moderated growth in automotive sector where large part of specialty steel manufactured by the Company is consumed. Therefore, the Company could not achieve volume growth during the year.

- Construction sector also got affected due to higher interest rates. This impacted Company's business of construction steel rolled at its rolling mill at Agra.
- Coking coal, a key input for manufacturing iron & steel, is imported and converted into Coke. The cycle time between pricing of coking coal and selling of finished steel is about six months. The adverse market conditions during this cycle time, which also forced prices of coking coal to reduce, restricted ability to pass on higher input cost to customers.

C & F Prices of Coking Coal



- The significant depreciation of INR against US \$ and other global currencies, along with higher hedging costs, also resulted in higher cost of inputs, particularly coking coal as it is largely imported.
- Apart from extended monsoon in many parts of the country, excessive rainfall in the state of Jharkhand, where the Company's mines are located, also disrupted mining operations of the Company. As a result part of coal required for DRI production had to be bought at higher prices from the market.
- The inconsistent and erratic supply of linkage coal for captive power generation by Coal India Limited during the year caused significant shortage of power generation.

The Company also had to source coal from market at higher prices due to non availability of linkage coal for six months during the year.

- The price of liquid fuel kept rising in the current financial year too, due to combined effect of international prices, value of INR and inflationary economy.

### Key Achievements

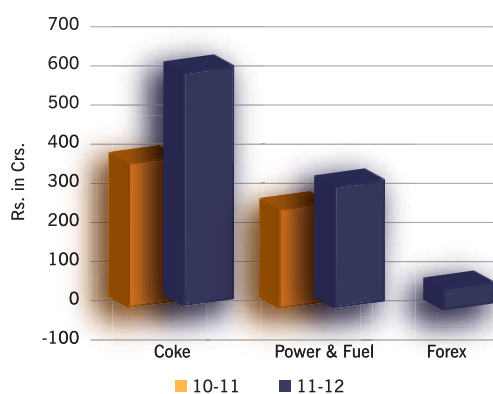
However, the Company had the following focus areas and achievements during the year:

- Achieved highest ever production of hot metal, steel and rolled products,
- Sinter plant which was commissioned in September, 2010 achieved 80% capacity utilization in the first full year of operation,
- Commissioned Hot Blast Stoves in Blast Furnace 1,
- Optimized consumption of coke by increasing use of PCI in production of hot metal,
- Commissioned Bar Mill at Agra to produce speciality steel Bars,
- Achieved 530 days of campaign life in DRI 3 Kiln,
- Obtained further approvals from major OEMs for bloom and bar products, and
- Addressed structural issues of improving equipment health, process robustness, correcting missing links, skill development and TPM.

### Operational Highlights

Under the circumstances, the Steel business could achieve higher turnover of Rs.2211.41Cr in the current financial year against Rs. 1981.38 Crs in the previous year, up by 11.6%. The operating profit and margins, however, reduced to Rs. 248.65 Crs at 11.2% during the year against Rs.338.61 Crs. at 17.1% in the previous year.

**Increase in Major Elements of Costs Affecting Profitability of Steel Business**



The production highlights were as under for the year:

	Qty in MT	
	FY 11-12	FY 10-11
Iron Ore	1,537,362	1,707,420
Coal	351,451	299,723
Hot Metal	417,885	338,662
DRI	204,739	237,209
Sinter	616,629	256,769
Billets	525,115	500,140
Rolled Products	520,736	523,078

Share of Steel business stood at 63.4% of the Company's gross level of activity and 53.8% of reported gross turnover in the current financial year.

### Projects

The Company has undertaken implementation of various cost optimization projects to further strengthen advantage of cost competitiveness. The projects under implementation at Jamshedpur include beneficiation & pellet plant, coke oven plant, two nos. of DRI plants, waste heat based captive power plants, oxygen plant and continuous casting machine. These projects will help the Company to increase productivity, improve quality and optimize the manufacturing cost. These projects are in various stages of implementation and are scheduled to be commissioned in phases in FY 13 & FY 14.

### Wire Ropes & Specialty Products Business

In addition to weak business environment in general, the following factors further influenced business sentiments and performance of value added products business of the Company:

- While growth momentum in advanced global economies had remained subdued during the year, European crisis compounded the same. However due to aggressive market expansion exports grew by 42%. Margins remained under pressure due to severe competition, and
- The devastating floods in Thailand crippled business in 2nd half of financial year in the region.

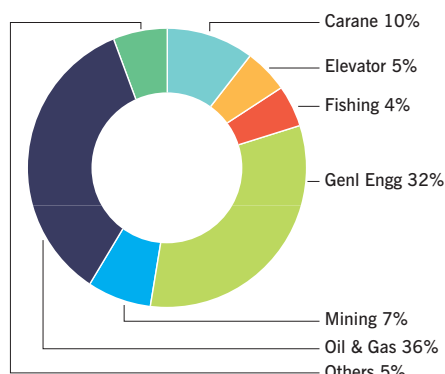
On stand alone basis, the Wire & Wire Ropes business achieved turnover of Rs.1333.95 Crs in the current financial year against Rs. 1190.15 Crs in previous year, higher by 12.0%. The operating profit and margins, however, reduced to Rs.182.38 Crs. at 13.7% during the year against Rs.193.59 Crs at 16.3% in previous year.

### Focus Areas & New Initiatives

- After successful development of PVF mining rope with improved quality, the Company has been able to meet extended life expectancy of this rope desired by various mining companies internationally. This will open new doors for growth in business.



### Broad Distribution of Wire Rope Products



- Development of High Tensile Offshore Mooring Ropes, which are used by the offshore oil and gas industries to work under extreme environments, is expected to open new opportunities in 2012-13.
- The Company has tied up with a leading European bridge designing and execution company for development and supply of special PE coated LRPC strand.

#### International Business

The Company enjoys a wide international presence through manufacturing and distribution subsidiaries located in different parts of the world.

The Company's international business accounted for 17.7% of its consolidated gross activity level. Gross level of activities of overseas subsidiaries has increased 6.1% from Rs. 820.85 Crs. in 2010-11 to Rs. 870.83 Crs. in 2011-12.

#### Usha Martin International Limited [UMIL]

UMIL enjoys a presence in the UK and parts of Europe through its wholly owned subsidiaries, namely:

- Usha Martin UK Limited, which comprises manufacturing distribution and end use solutions wire ropes to offshore oil and gas sectors, and
- De Reuter Staalkabel B.V. Netherlands, which has distribution facilities for wire ropes.

The consolidated turnover of UMIL was GBP 43.7 Mn in 2011-12 as against GBP 41.0 Mn in 2010-11. UMIL reported a consolidated net profit of GBP 3.6 Mn as against GBP 2.6 Mn in the previous year.

UMIL is taking further initiatives to expand into Europe and Russian markets.

#### Usha Martin Americas Inc [UMAI]

During the year, UMAI reported a turnover and profit after tax of US\$ 17.2 Mn and US\$ 0.9 Mn respectively as against US\$ 15.2 Mn and US\$ 1.1 Mn respectively in the previous year.

#### Brunton Wolf Wire Rope FZCo [BWWR]

BWWR, a joint venture with Gustav Wolf of Germany, reported a turnover and profit after tax of US\$ 23.4 Mn and US\$ 1.5 Mn respectively in 2011-12 as against US\$ 18.8 Mn and US\$ 1.5 Mn respectively in the previous year. Number of new steps have been taken to expand further into African markets.

#### Usha Siam Steel Industries Public Company Limited [USSIL]

USSIL became inoperational due to unprecedented floods in Thailand in October 11 which inundated all major industrial areas of Thailand for over 2 months. The Navanakorn Industrial Area, where USSIL's facilities are located, had water accumulation of more than 6 ft height. Industrial activities suffered for over 4 months. Though USSIL could start partial operations in February' 2012 after receding of water, the restoration of normalcy in industrial activities are still under way in other parts. The damages to property, assets and loss of profit (for a period of one year from date of floods) were covered under insurance policy taken by USSIL.

The operations of USSIL, in which the Company holds 97.85% of equity (by itself and through Usha Martin Singapore Pte Ltd.), achieved a turnover of Thai Baht 1,043 Mn during the year under review as against Thai Baht 1,628 Mn in the previous year. It reported a net profit of Thai Baht 35 Mn as against Thai Baht 86 Mn in the previous year.

The production is being gradually increased and is expected to reach normal level by 2nd quarter of the next financial year.

#### Usha Martin Singapore Pte Limited [UMSPL]

UMSPL together with its wholly owned subsidiaries (Usha Martin Australia Pty Limited, Usha Martin Vietnam Company Limited and PT Usha Martin Indonesia), achieved a consolidated turnover of US\$ 36.6 Mn and net profit of US\$ 1.7 Mn during the year under review as against US\$ 30.0 Mn and net profit of US\$ 1.7 Mn respectively in the previous year.

#### Cable Business

U M Cables Ltd. (UMCL), a wholly owned Indian subsidiary of the Company, engaged in business of telecommunication cables achieved turnover of Rs. 109.1 Crs. against Rs. 85.0 Crs. in the previous year. The net profit for the year was higher at Rs. 3.0 Crs. as against Rs. 2.0 Crs. in FY 2010-11.

#### Financial Discussion

During the year, consolidated turnover of the Company stood at Rs.3360.82 Crs which is 10.3% higher than Rs.3044.59 Crs in the previous year. On standalone basis, the Company's turnover increased to Rs.2836.89 Crs in the current financial year against Rs.2524.71 Crs in the previous year, up by 12.3%.

The operating profit achieved by the Company on consolidated basis was Rs. 497.76 Crs., being 14.8% of the reported turnover against Rs. 595.03 Crs., being 19.5% in previous year.

On standalone basis, the operating profit was at Rs. 408.80 Crs., being 14.4% of the reported turnover as against Rs. 504.05 Crs., being 20.0% in previous year.

Domestic and export sales was maintained at 83.0% and 17.0% of net turnover respectively.

The increase in prices of key inputs such as coking coal and sluggish business conditions for Company's products particularly in international markets reduced operating margins.

### Forex Management

The European debt crisis triggered depreciation in value of INR against global currencies. During the period from August' 11 to December' 11, value of rupee against US \$ declined from 44 to 53. At the same time, hedging cost of FCY liabilities also remained at higher levels during most of the period in current financial year. This had a sharp negative effect on the Company's operations and profitability. On the net import liabilities the Company suffered foreign currency loss of Rs. 26.07 Crs, after considering derivative gains of Rs.15.71 Crs on long term foreign currency loans.

The Ministry of Corporate Affairs issued notification modifying AS 11 vide which companies were allowed an option to account for changes in valuation of long term capex loans

### USD-INR Rate Movement

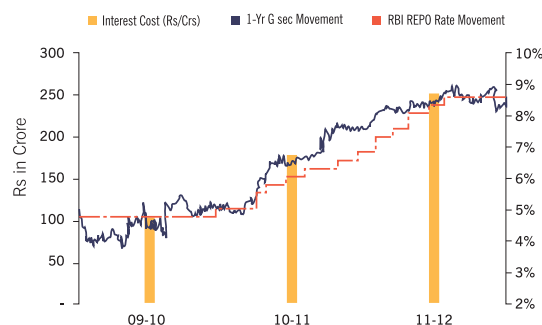


in respective fixed assets. By exercising this option the Company accounted for effect of rupee depreciation on FCY loans, amounting to Rs. 141.40 Crs., in the fixed assets. The value of FCY loans as on 31st March, 2012 thus enhanced accordingly.

### Finance cost

In the current financial year too the inflationary pressures were evident with RBI continuing to increase policy (Repo) rates from 6.75% (March 11) to 8.50% (March 12) and as a result interest rates were significantly higher than in the recent history.

### Interest Charge & Benchmark Interest rate movement



1 Yr G Sec rates kept on increasing from 7.44% in beginning of current financial year to 8.82% by February 12. The net interest charge [excluding other borrowing cost] of the Company increased from Rs. 176.89 Crs to Rs. 248.81 Crs during the financial year. The average cost of debt as on 31st March, 2012 was 9.15%.

### Capital expenditure

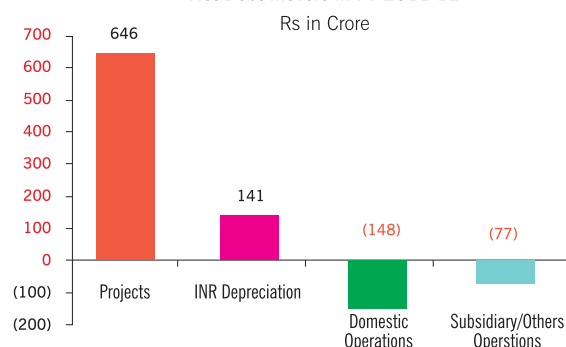
In the previous financial year the Company undertook cost optimizing projects involving total capital outlay of Rs. 1200 Crs to be implemented in phases. The financial closure for this capex was achieved in previous financial year in combination of capex L/C facility of Rs. 700 Crs and syndicated External Commercial Borrowing (ECB) of USD 125 million. The Company has spent Rs. 646 Crs. during the year on the projects.

### Debt mobilization, payments & management

Besides availing disbursement of US \$ 100 Mn, the balance out of ECB funds of US \$ 125 Mn. arranged in previous year, the Company has raised long term rupee debt of Rs. 400 Crs which was largely utilized for prepayment of long term loans and liabilities to bring down cost of debt. The Company prepaid long term loans and liabilities of Rs. 249.86 Crs., besides normal repayments of Rs.280.65 Crs in 2011-12. Out of ECB proceeds the Company has deposits of Rs.249.41 Crs. with banks, as on 31st March, 2012.

Overall, there is increase in net debt by Rs.561.61 Crs. on consolidated basis and Rs.639.16 Crs. on standalone

### Net Debt Movers in FY 2011-12



basis, this was primarily on account of Rs.646.00 Crs for projects, and Rs.141.40 Crs for depreciation in value of INR. The increase was offset by reduction of Rs.148.24 Crs in domestic operations and Rs.77.55 Crs in operations of subsidiaries and others.

The Company had a net debt of Rs. 2534.97 Crs (including Rs. 383.80 Crs of capex liabilities, working capital loans, current maturities of long term debt, and net of cash & bank balance of Rs. 253.18 Crs) as on 31st March 2012 with about 44% being in foreign currency. The Company's Debt-Equity ratio was 1.65 as on 31st March 2012.

On consolidated basis, the net debt level has remained at Rs.2569.38 Crs (including Rs.383.80 Crs of capex liabilities, working capital loans, current maturities of long term debt and net of cash & bank balance of Rs.362.24 Crs) as on 31st March 2012 with a debt equity ratio of 1.40.

#### **Ratings**

The Company has continued to enjoy higher rating of PR1+ for short term bank facilities and other short term funds by Credit Analysis & Research Limited [CARE]. Fitch Ratings India Private Ltd. continued rating of A+ [Ind] with stable outlook for long term bank loans and facilities.

#### **Relationships**

The Company continued to enjoy excellent relationship with higher level of comfort from all its lenders. It has made all payments of loan and interest to banks and financial institutions within respective due dates and without any delays.

#### **Investor Services**

The Company has put investors' complaint redressal system in place, and all complaints are being attended to by the Company.

The Company has appealed to all shareholders and depositors who could not encash for dividends, interest and fixed deposits for making claims with the Company before the same become due for deposit with the Government.

During the year, the Company deposited Rs.4.20 lacs with the Investors Education & Protection Fund constituted by the Central Government, being matured dues remaining unpaid for a period of 7 years on account of dividend, debentures

and fixed deposits including interest thereon.

The equity shares continue to remain listed at Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd. and GDRs at Societe de la Bourse de Luxembourg.

#### **Internal control system and risk management**

The Company's internal risk and audit management, supported by competent personnel and adequate internal control mechanisms, safeguard assets from possible losses and unauthorized use and ensure transactions are being authorized, recorded and reported properly. Besides, the Company has also availed services of external firms of chartered accountants to help the Company's internal audit and risk management department.

#### **Human resources**

The Company recognizes the Human Resources as most important assets of the company. The Company is constantly engaged in enriching the value and developing competencies of the Human Resources.

The Human Resource function conducts programme with external faculty in the area of Management Development (for executives and officers), soft-skills and attitudinal development (for officers, staff, workmen and trainees).

The Company's training institute (Usha Martin Training Institute, Jamshedpur) provides in-house training to freshers and functional personnel. On-the-job training, leadership training sessions, soft-skill grooming sessions and flexible job rotation enhances employee skills. Regular seminars and workshops are conducted on a Pan-India basis. The comprehensive Performance Management System helps map employees' competency gaps and strategic development plans are formulated to bridge the gaps.

The HR activities covered Mining operations and lots of initiatives were taken in the areas of skill development of land-givers and livelihood of the villagers staying in the neighboring mines with the help of KGVK (our CSR Partner).

#### **Appreciation**

The Company has been getting all necessary support and co-operation from all sections of customers, suppliers, service providers, investors, authorities, lenders etc. to which the Company expresses its sense of appreciation.

# Report on Corporate Governance

## A. COMPLIANCE OF MANDATORY REQUIREMENTS

### I. Company's Philosophy on Corporate Governance

The philosophy of the Company on corporate governance envisages attainment of high level of transparency, accountability and equity in all areas of its operations and interactions with customers, shareholders, investors, employees, government authorities and lenders.

### II. Board of Directors

The Board of Directors of the Company as on 31st March, 2012 comprised one Non Executive Chairman Emeritus, one Non Executive Chairman, six Independent Non Executive Directors, one Non Executive Director and three Executive Directors.

Composition of Board of Directors and other details as on 31st March, 2012 are as under:

Name of Directors	Promoter/ Executive/ Non Executive/ Independent	No. of Other* Director-ships held	Other committee # positions held		No. of Equity Shares held
			As Chairman	As Member including Chairmanship	
Mr. B K Jhawar	Non Executive, Chairman Emeritus, Promoter	3	None	1	82,310
Mr. P Jhawar	Non Executive, Chairman, Promoter	7	None	None	17,90,788
Mr. Brij K Jhawar	Non Executive, Promoter	1	None	None	9,45,865
Mr. R Jhawar	Managing Director, Executive, Promoter	6	1	1	15,86,526
Mr. A K Chaudhri	Independent, Non Executive	None	None	None	-
Mr. Salil Singhal	Independent, Non Executive	5	None	2	-
Mr. G N Bajpai	Independent, Non Executive	14	5	9	20,000
Mr. Nripendra Misra	Independent, Non Executive	2	1	1	200
Mrs. Ramni Nirula	Independent, Non Executive	8	2	5	-
Mr. Jitender Balakrishnan	Independent, Non Executive	14	None	4	-
Dr. Vijay Sharma	Jt. Managing Director [Steel Business]@, Executive	1	None	None	10,400
Mr. P K Jain	Jt. Managing Director [Wire & Wire Ropes Business]@@, Executive	3	1	1	-

\*Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956, have not been considered for this purpose.

#Committees viz, Audit and Shareholders Grievance Committees have been considered for this purpose.

At the last Annual General Meeting held on 29th July, 2011, Mr. Ashok Basu did not opt for re-appointment.

Dr P Bhattacharya retired from the Board of the Company w.e.f 4th August, 2011.

@ Dr. Vijay Sharma was designated as Joint Managing Director [Steel Business] w.e.f 1st February, 2012, earlier he was Executive Director & Chief Executive [Steel Business].

@@ Mr. P K Jain was designated as Joint Managing Director [Wire & Wire Ropes Business] w.e.f 1st February, 2012,

earlier he was Executive Director & Chief Executive [Wire & Wire Ropes Business].

None of directors held any convertible instruments of the Company during the year.

All independent directors have confirmed their 'independence' to the Board of the Company.

Annual declarations have been received from directors informing committee positions they occupy in other companies.

### Directors' Attendance at Board Meetings and Annual General Meeting

Four Board Meetings were held during the year on 11th May, 2011, 29th July, 2011, 31st October, 2011 and 31st January, 2012. Annual General Meeting [AGM] was held on 29th July, 2011.

Name of Directors	Board Meetings during the year/tenure		Attendance at last AGM
	Held	Attended	
Mr. B K Jhawar	4	3	No
Mr. P Jhawar	4	4	Yes
Mr. Brij K Jhawar	4	4	Yes
Mr. R Jhawar	4	4	Yes
Dr. P Bhattacharya@	4	2	Yes
Mr. A K Chaudhri	4	4	Yes
Mr. A Basu@@	4	2	Yes
Mr. Salil Singhal	4	2	No
Mr. G N Bajpai	4	4	Yes
Mr. Nripendra Misra	4	4	Yes
Mrs. Ramni Nirula	4	4	Yes
Mr. J. Balakrishnan	4	4	Yes
Dr. Vijay Sharma	4	4	Yes
Mr. P K Jain	4	4	Yes

@ retired with effect from 4th August, 2012

@@ ceased to be director with effect from 30th July, 2012.

### Code of Conduct

In pursuance of Clause 49 of the Listing Agreement, the Board has approved the 'Code of Conduct for Board of Directors and Senior Management' and the same has been circulated and posted on the Company's website. The directors and senior management personnel have given their declarations confirming compliance of provisions of above Code of Conduct.

### III. Audit Committee

The terms of reference of the Audit Committee include the powers and roles as set out in Clause 49 II (C) and Clause 49 II (D) of the Listing Agreement. Among others the Audit Committee reviews related party transactions; internal control

systems; financial statements and investments made by unlisted subsidiaries; use and application of funds raised through issue of shares; business plans; and Management Discussion and Analysis of financial condition and results of operations.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (as amended), the Board has approved 'Code of Conduct for Prevention of Insider Trading' (Code) and authorised the Audit Committee to implement and monitor various requirements as set out in the Code.

Five meetings of the Audit Committee were held during the year on 11th May, 2011, 28th July, 2011, 31st October, 2011, 30th January, 2012 and 27th March, 2012.

Composition of the Audit Committee and attendance during the year were as under:

			No. of Meetings	
			Held	Attended
Mr. J. Balakrishnan	Chairman	Independent Non-Executive	5	5
Mr. A K Chaudhri	Member	Independent Non-Executive	5	5
Mr. Salil Singhal	Member	Independent Non-Executive	5	3

All the members of the Audit Committee are financially literate with knowledge in finance and accounts.

The Managing Director, the Joint Managing Directors, Business Heads, Head of Finance, Head of Internal Audit and Internal Auditors attend meetings of the Audit Committee as invitees.

The statutory auditors remain present during discussion and review of quarterly results and annual accounts, as invitees in meetings of the Audit Committee.

The Cost Auditors are invited in meetings as and when required.

The Company Secretary acts as the Secretary to the Audit Committee.

Mr J Balakrishnan the Chairman of the Audit Committee was present at last Annual General Meeting to answer shareholders' queries.

## Corporate Governance

### IV. Remuneration Committee

The terms of appointment and remuneration of executive directors are reviewed by the Remuneration Committee keeping in view performance, industry practice, present compensation package, etc. and then recommend the same for approval by Board and shareholders. The remuneration to the non executive directors is decided by Board.

The Remuneration Committee comprises of 4 members namely Mr. A K Chaudhri (Chairman – Independent Non Executive Director), Mr. G N Bajpai (Independent Non Executive Director), Mrs. Ramni Nirula (Independent Non Executive Director) and Mr. Brij K. Jhawar (Non Executive Director).

The break-up of remuneration to Managing Director, Joint Managing Directors for the year 2011-12 is given below:

(Rs. in Lacs.)

Names	Mr. R Jhawar	Dr. P Bhattacharya @	Dr. Vijay Sharma	Mr. P K Jain
Position	Managing Director	Jt. Managing Director	Jt. Managing Director [Steel Business]	Jt. Managing Director [Wire & Wire Ropes Business]
Salary	36.00	11.35	66.00	51.00
Commission	-	-	-	-
Allowances	18.00	12.49	72.39	54.00
Contribution to Provident Fund, Gratuity and Superannuation Funds	9.48	3.87	11.00	7.65
Incentive	-	-	42.00	30.00
Perquisites	35.75	19.70	23.55	13.96
Total	99.23	47.41	214.94	156.61
Service Contract	For a period from 19th May, 2008 to 18th May, 2013.	For a period from 15th May, 2008 to 4th August, 2011.	For a period from 1st February, 2010 to 31st January, 2015	For a period from 1st February, 2010 to 31st January, 2015
Notice Period	6 months from either side	6 months from either side	1 month from either side	3 months from either side
Severance Fees	6 months' salary in lieu of notice	6 months' salary in lieu of notice	1 month salary in lieu of notice	3 months' salary in lieu of notice
Stock Options	None	None	None	None

@ for the period 1st April, 2011 till 4th August, 2011.

The above remuneration of Mr. R. Jhawar and Dr. P Bhattacharya (retired w.e.f 4th August, 2011) was reviewed and recommended by the Remuneration Committee on 29th January 2008 to Board and was subsequently approved by the shareholders in the Annual General Meeting held on 30th July, 2008.

The remuneration of Dr. Vijay Sharma and Mr. P K Jain was reviewed and recommended by the Remuneration Committee on 1st February, 2010 to Board. The Directors of the Company by circulation on 1st February, 2010 approved the said appointments and the same was subsequently approved by the shareholders in the Annual General Meeting held on 27th July, 2010.

Two meetings of the Remuneration Committee were held on 10th May, 2011 and 31st January, 2012 during the year.

No stock options have been given to any of the directors.

The break-up of remuneration to Non Executive Directors for the year 2011-12 is given below:

Sitting Fees	Rs. 3.30 lacs
Commission	NIL

Sitting fee of Rs. 5,000 is being paid to every Non Executive Director for attending each meeting of the Board and its Committees. This has been approved by shareholders vide special resolution passed at Annual General Meeting held on 27th July, 2005.

At the Annual General Meeting held on the 27th July, 2010, the approval of shareholders by special resolutions were taken to pay commission at the rate of 1.5% and 1% of net profits for the year to Mr. Prashant Jhawar, Chairman and to other non-executive directors respectively, for a period of five financial years commencing from 1st April, 2010. The commission payable to other non-executive directors will be distributed in such manner as may be decided by the Board. Further approval of Central Government has been received for payment of commission to Mr. Prashant Jhawar, Chairman. However, no such commission was proposed for financial year 2011-12.

Other than the above and as shareholders, Non Executive Directors have no other pecuniary relationships or transactions with the Company.

### V. Shareholders Committees

#### (a) Investors' Grievance Committee

The Investors' Grievance Committee functions under the Chairmanship of Mr. N Misra, an Independent Non Executive Director along with three members namely Mr. Brij K. Jhawar, Non Executive Director, Mr. R Jhawar, Managing

Director and Mr P K Jain, Joint Managing Director [Wire & Wire Ropes Business]. During the year Dr. P. Bhattacharya, Joint Managing Director ceased to be the member w.e.f 4th August, 2011, Mr P K Jain was inducted from the said date. During the year, the Committee met 4 times to review status and redressal of shareholders' / investors' complaints.

Status of complaints of shareholders/investors is as under :

Complaints pending as on 1st April, 2011	Nil
Number of complaints received during year ended 31st March 2012	57
Number of complaints attended to/resolved during the year	56
Complaints pending as on 31st March, 2012	1

#### (b) Share Transfer Committee

The Share Transfer Committee comprises Mr. R Jhavar and Mr P K Jain. During the year, Dr P Bhattacharya ceased to be a member of the Committee w.e.f. 4th August, 2011 and Mr P K Jain was inducted w.e.f. 4th August, 2011. The Committee generally meets every fortnight to decide on matters relating to issues including approval of transfer and transmission of securities, issue of duplicate certificates, etc.

The share transfers are processed on behalf of the Company by the Registrar and Transfer Agent viz. MCS Limited and are placed before the Committee for approval. The Committee met 17 times during financial year 2011-12.

Number of share transfers pending for approval as on 31st March, 2012	Nil
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#### Compliance Officer:

Mr. A K Somani, Company Secretary  
2A, Shakespeare Sarani  
Kolkata 700071.  
Phone : 033 39800300; Fax : 033 39800400  
Email : aksomani@ushamartin.co.in

#### VI. Annual General Meetings

Date	Type	Venue	Time	No. of Special Resolutions
29th July, 2011	AGM	G D Birla Sabhaghar, Kolkata	2.00 PM	-
27th July, 2010	AGM	Vidya Mandir, Kolkata	2.30 PM	4
29th July, 2009	AGM	Vidya Mandir, Kolkata	2.30 PM	1

There were no special resolutions put through postal ballot in

the Annual General Meeting held on 29th July, 2011.

As on date, no resolution is proposed to be conducted through postal ballot in the ensuing Annual General Meeting.

As required under Clause 49 IV(G)(i) of the Listing Agreement, information on directors who are retiring by rotation and offering themselves for reappointment will be given in the notice of Annual General Meeting.

#### VII. Disclosures

- There were no materially significant related party transactions (i.e. transactions of the Company of material nature), in potential conflict with interest of the Company at large. Transactions with related parties are disclosed in Note 47 to the Accounts in Annual Report.
- There were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter relating to Capital Market during last three years.
- Management Discussion and Analysis is annexed to the Directors' Report to shareholders and forms part of Annual Report.
- As per disclosures received from senior management personnel, they have not entered into any financial or commercial transactions which may have a potential conflict with interest of the Company at large.
- All mandatory requirements have been appropriately complied with and non-mandatory requirements are dealt with at the end of the Report.

#### VIII. Means of Communications

- In compliance with Clause 41 of Listing Agreement, the Company regularly intimates un-audited quarterly and audited annual financial results to Stock Exchanges immediately after they are taken on record by Board. The financial results were published in national English and vernacular daily newspapers viz. Business Standard / Economic Times and Dainik Statesman (local vernacular).
- The financial results and official press releases are posted on the Company's website [www.ushamartin.com](http://www.ushamartin.com)
- Presentations made to media, analysts, institutional investors and fund managers from time to time are posted on the Company's website as aforesaid.
- Apart from statutory announcements the Company shares information relating to financial performance with public and investors through business newspapers and magazines on periodical basis.

## Corporate Governance

### IX. General Shareholders' Information

#### (a) Date and Venue of Annual General Meeting

The Twenty Fifth Annual General Meeting of the Company was held on 29th July, 2011 at 2.00 p.m. at G D Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata 700019.	The date and venue of Twenty Sixth Annual General Meeting of the Company will be intimated in due course.
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#### (b) Financial Calendar

Financial Year ended 31st March, 2012	Meetings held on	Next Financial Year ending 31st March, 2013	Meetings to be held on or before
First Quarter Results – June 2011	29th July, 2011	First Quarter Results – June 2012	14th August 2012
Second Quarter Results – September 2011	31st October, 2011	Second Quarter Results – September 2012	15th November, 2012
Third Quarter Results – December 2011	31st January, 2012	Third Quarter Results – December 2012	15th February, 2013
Audited Results for the year ended 31st March, 2012	10th May, 2012	Audited Results for the year ending 31st March, 2013	31st May, 2013

#### (c) Book Closure Dates

The Share Transfer Books and Register of Members were closed from 21st July, 2011 to 29th July, 2011 (both days inclusive)	The Book Closure dates (for ensuing AGM) will be intimated in due course.
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#### (d) Dividend Announcements

FY-2010-11	FY-2011-12
Dividend Rate: Re 1/- per share (100%) on face value of Re 1 per share.	NIL
Dividend Payment Date: Dividend warrants were posted on 3rd August, 2011 after adoption of accounts by shareholders on 29th July, 2011.	N.A.

#### (e) Stock Exchanges where the Company's shares are listed at and scrip code numbers:

- i) Bombay Stock Exchange Ltd. - 517146  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001

- ii) National Stock Exchange of India Ltd. -  
USHAMART  
Exchange Plaza, 5th Floor,  
Plot No.C/1, G Block,  
Bandra Kurla Complex, Bandra (E),  
Mumbai 400051
- iii) Societe de la Bourse de Luxembourg  
Societe Anonyme/R.C.B 6222  
B.P. 165, L-2011 Luxembourg (For GDRs)

The listing fees for all above stock exchanges have been duly paid for financial year 2011-12.

GDRs are listed at Luxembourg Stock Exchange.

#### (f) Market Data of Share Prices – Highs / Lows and Volumes

Stock Data	BSE (Rs.)		NSE (Rs.)		VOLUME		TOTAL
	HIGH	LOW	HIGH	LOW	BSE	NSE	
2011							
April	68.45	57.00	68.45	56.70	46,59,882	1,19,40,251	1,66,00,133
May	65.50	50.10	65.45	50.05	23,15,854	54,05,280	77,21,134
June	56.95	50.00	56.90	49.00	16,72,579	82,55,075	99,27,654
July	57.50	44.10	57.25	44.00	28,27,002	48,90,190	77,17,192
August	45.15	32.60	45.50	32.55	30,14,306	87,89,690	1,18,03,996
September	38.00	32.40	41.00	32.25	21,38,876	55,63,199	77,02,075
October	33.90	29.85	34.20	29.90	9,16,264	34,50,619	43,66,883
November	32.35	23.20	32.50	23.20	15,67,310	57,15,275	72,82,585
December	24.90	21.80	24.95	21.80	37,27,712	82,92,344	1,20,20,056
2012							
January	34.05	22.95	33.90	22.75	12,89,803	43,47,887	56,37,690
February	43.25	29.55	43.35	29.40	50,58,567	2,17,25,493	2,67,84,060
March	37.25	30.00	37.15	30.00	17,51,001	57,68,820	75,19,821

#### g) Performance of Company's Share Prices- Monthly Closing Share Prices vis-à-vis Monthly Closing of BSE Sensex & Monthly Closing of Nifty

Months	Prices at BSE	Sensex	Prices at NSE	Nifty
2011				
April	65.00	19,136	65.00	5,750
May	54.05	18,503	54.10	5,560
June	53.45	18,846	53.85	5,647
July	44.70	18,197	44.70	5,482
August	36.75	16,677	36.65	5,001
September	32.90	16,454	32.70	4,943
October	33.05	17,705	33.10	5,327
November	24.00	16,123	24.05	4,832
December	23.55	15,455	23.45	4,624
2012				
January	31.45	17,194	31.45	5,199
February	35.60	17,753	35.75	5,385
March	30.70	17,404	30.75	5,296



**(h) Registrar and Transfer Agent (both for demat and physical form of shares)**

The contact details of the Registrar are as under:

M/s. MCS Limited

77/2A, Hazra Road

Kolkata 700029

Phone : +91 33 24541892-93 / 40724051-53

Fax : +91 33 24541961/24747674 / 40724050

Email : mcskol@rediffmail.com

Contact Person : Mr Alok Mukherjee, General Manager

**(i) Share Transfer System**

The application for transfers, transmission, sub-division and consolidation of shares are received by the Registrars and Share Transfer Agents of the Company. The share transfers in physical form are processed and share certificates are returned within a period of 30 days from date of receipt, provided the documents are in order.

As the Company's shares are currently traded in dematerialised form, the transfers are processed and approved in the electronic form by NSDL/ CDSL with whom the Company has entered into separate agreements.

**(j) Distribution of Shareholding (as on 31st March, 2012)**

Range (No. of shares)	No. of shareholders	%	Number of Shares	%
1-100	25390	45.42	14,78,509	0.49
101-500	22295	39.88	59,05,287	1.94
501-1000	4326	7.74	34,49,624	1.13
1001-5000	3031	5.42	68,21,888	2.24
5001-10000	351	0.63	26,55,072	0.87
10001 & above	510	0.91	28,44,31,400	93.33
Total	55903	100	30,47,41,780	100
Holding in Physical Form (Included in above)	14665	26.23	26,98,410	0.88

**(k) Pattern of Shareholding (as on 31st March, 2012)**

	Category	No. of shares	% of total shareholding
A	Promoter Holding	12,31,55,608	40.41
B.	Public Holding		
	- Mutual Fund	4,53,97,437	14.90
	- Financial Institution / Banks	1,60,740	0.05
	- Insurance Companies	2,32,07,126	7.62
	- Foreign Institutional Investors	4,72,00,761	15.49
	- Bodies Corporate	2,54,72,136	8.36
	- Individual	3,21,28,477	10.54
	Total {B}	17,35,66,677	56.96
C.	GDRs	80,19,495	2.63
	GRAND TOTAL [A+B+C]	30,47,41,780	100.00

**(l) Dematerialisation of Shares and Liquidity**

As at 31st March, 2012, 99.12% of total equity shares were held in electronic form with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

The Company's equity shares are being traded compulsorily in dematerialised form with effect from 21st March, 2000.

The ISIN No. of the Company's equity shares is INE228A01035.

**(m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:**

As on 31st March, 2012, there were 80,19,495 GDRs outstanding, each representing one equity share of the Company.

**(n) Electronic Clearing Service (ECS)**

The Company has extended the ECS facility to shareholders to enable them to receive dividend through electronic mode in their bank account. The Company encourages members to avail to this facility as ECS provides adequate protection against fraudulent interception and encashment of dividend warrants in transit and correspondence with the Company on revalidation /issuance of duplicate dividend warrants.

**(o) Bank Details for Electronic Shareholding**

Members are requested to notify their Depository Participant (DP) about the changes in the bank details. Members are requested to furnish complete details of their bank accounts including the MICR codes of their banks to their DPs.

**(p) Furnish Copies of Permanent Account Number (PAN)**

The members are requested to furnish their PAN which will help us to strengthen compliance with KYC norms and the provisions of Prevention of Money Laundering Act, 2002.

For transfer of shares in physical form, SEBI has made it mandatory to the transferee to submit a copy of PAN card to the Company.

**(q) Plants/Mines Locations**

**Steel Business**

UAS Division Adityapur, Jamshedpur - 831001

Construction Steel Division-North

Nawalganj, Agra (U.P.) – 282006

Iron Ore Mines, Barajamda, Jharkhand - 833221

Coal Mines, Daltongunj, Jharkhand – 822101

## Corporate Governance

### Wire Rope Business

Wire Ropes & Speciality Products Division  
Tatisilwai, Ranchi – 835103  
Wire & Wire Rope Division- North  
Hoshiarpur, Punjab – 146024  
Speciality Product Division – South  
Sri Perumbudur, Tamil Nadu - 602105

### r) Address for Correspondence:

- (i) Usha Martin Limited  
2A, Shakespeare Sarani, Kolkata 700071  
Phone : +91 33 39800300  
Fax : +91 33 39800400
- (ii) Person to be contacted for shareholder's queries / complaints:  
Mr. Kalyan Chatterjee  
Deputy General Manager (Secretarial)  
2A, Shakespeare Sarani, Kolkata 700071  
Phone : +91 33 39800494  
Fax : +91 33 39800400  
Email : investor\_relation@ushamartin.co.in

## B. STATUS OF ADOPTION OF THE NON MANDATORY REQUIREMENTS

### Board of Directors

The Board has decided for the Company maintaining Chairman's office and paying/reimbursing all expenses (including rent) incurred for performance of his duties from time to time. One Independent Non Executive Director has completed tenure of more than nine years in aggregate considering his initial date of induction in the Board.

### Remuneration Committee

The Company has a Remuneration Committee as reported in Section A IV above.

### Other Items

The rest of the Non Mandatory Requirements such as, Shareholder Rights; Training of Board Members; Mechanism for Evaluating Non Executive Board Members; Audit Qualifications; and Whistle Blower Policy will be implemented by the Company as and when required and/or deemed necessary by the Board.

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## Auditors' Certificate regarding compliance of conditions of Corporate Governance

### To the Members of Usha Martin Limited

We have examined the compliance of conditions of Corporate Governance by Usha Martin Limited, for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

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 PRICE WATERHOUSE

Firm Registration Number: 301112E

Chartered Accountants

(P. Law)

Partner

Membership No. 51790

Kolkata  
10th May, 2012

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### Declaration

As provided under Clause 49 of the Listing Agreements with the stock exchanges, it is hereby declared that all board members and senior management personnel of the Company have affirmed the compliance of the Code of Conduct for the year ended 31st March, 2012

Kolkata  
10th May, 2012

R. Jhavar  
Managing Director

**Statement giving financial information of subsidiary companies for the year ended 31st March, 2012 as per direction given by Ministry of Corporate Affairs, New Delhi under General Circular No.2/2011 dated 8th February,2011, under Section 212(8) of the Companies Act, 1956.**  
(Rs. in Thousands)

Sl No	Particulars	UM Cables Limited	Usha Martin Power & Resources Limited	Bharat Minex Private Limited	Usha Siam Steel Industries Public Company Limited	Usha Martin Americas Inc	Brunton Wolf Wire Ropes FZCO	Usha Martin Singapore Pte. Limited	Usha Martin Australia Pty Limited	P T Usha Martin Indonesia	Usha Martin Vietnam Company Limited	Usha Martin International Limited	De Ruiter Staakabel BV Stiedrecht	Usha Martin UK Limited	Brunton Shaw UK Limited	European Management and Marine Corporation Limited	EMMC Caspian Limited
1	Share Capital	401,296.60	500.00	2,000.00	235,220.70	203,480.00	263,072.10	29,135.18	10,585.02	5,087.00	4,196.88	480,976.91	1,221.95	313,359.20	0.08	0.08	0.16
2	Reserves and Surplus	115,322.86	(86.70)	(1,347.81)	530,425.77	117,682.00	235,630.20	737,690.80	74,640.74	2,019.84	(2,165.09)	206,727.13	277,352.94	1,174,527.34	-	-	-
3	Liabilities (Note 1 below)	389,783.76	3.00	25,475.27	1,143,721.71	418,085.83	423,272.65	817,184.58	169,232.61	14,770.41	61,080.12	11,430.86	132,216.40	720,764.01	-	-	-
4	Total Liabilities	906,403.22	416.30	26,127.46	1,909,369.18	739,247.83	921,974.96	1,584,010.56	254,458.38	21,877.25	63,111.90	699,134.90	410,791.29	2,208,650.54	0.08	0.08	0.16
5	Total Assets	906,403.22	416.30	26,127.46	1,909,369.18	739,247.83	921,974.96	1,584,010.56	254,458.38	21,877.25	63,111.90	699,134.90	410,791.29	2,208,650.54	0.08	0.08	0.16
6	Investments - Long Term (excluding investments in subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Turnover (Net)	1,091,298.53	-	-	1,716,480.07	877,122.57	1,184,264.40	1,368,827.71	459,745.15	46,762.86	153,844.04	-	747,915.40	3,105,120.59	-	-	-
8	Profit/(Loss) before Taxation	42,930.38	(14.10)	(151.39)	59,543.72	72,824.93	76,559.45	66,902.34	26,441.64	3,495.33	(2,163.34)	2,940.21	75,218.36	310,191.59	-	-	-
9	Provision for Taxation	13,244.91	-	-	11,189.28	25,038.21	-	7,964.67	7,932.41	445.57	(183.32)	437.81	17,133.88	76,192.03	-	-	-
10	Profit/(Loss) after Taxation	29,685.47	(14.10)	(151.39)	48,354.44	47,786.72	76,559.45	58,937.67	18,509.23	3,049.76	(1,980.02)	2,502.40	58,084.48	233,999.56	-	-	-
11	Paid / Proposed Dividend	5,800.00	-	-	-	-	38,190.26	-	-	-	-	-	-	-	-	-	-
	Currency of the Subsidiaries	INR	INR	INR	BHAT	USD	AED	USD	A \$	USD	VND	GBP	EURO	GBP	GBP	GBP	GBP
	Exchange rate as on 31st March, 2012 (used for conversion CY Vs INR)				1.6449	50.8700	13.8459	50.8700	52.9251	50.8700	0.0024	81.3920	67.8860	81.3920	81.3920	81.3920	81.3920

Notes :

- Liabilities include Secured Loans, Unsecured Loans, Deferred Tax Liabilities, Non-Current and Current Liabilities.
- UMICOR Africa (Pty) Limited, a wholly owned subsidiary is under liquidation process, hence has not been considered in the above statement.
- The businesses of Brunton Shaw UK Limited, European Management and Marine Corporation Limited and EMM Caspian Limited have been taken over by Usha Martin UK Limited and are functioning as separate divisions.
- The annual accounts of the above subsidiary companies will be made available to the shareholders and also kept for inspection at the Registered Office of the Company.

For USHA MARTIN LIMITED

Place : Kolkata  
Date : 10th May, 2012

**P.Jhawar**  
Chairman

## Auditors' Report to the Members of Usha Martin Limited

1. We have audited the attached Balance Sheet of Usha Martin Limited (the "Company") as at 31 March 2012 and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report)(Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of Section 227 (4A) of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that :
  - i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items 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, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
  - c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
  - ii) a) The inventory (excluding stocks lying in customs bonded warehouse and with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventory other than, in respect of Work-in-progress (year end balance Rs. 4590 Lakhs) of three Divisions which have been determined by the Management based on physical verification as at the year end. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
  - iii) a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
  - b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
  - iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
  - v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
  - vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
  - vii) In our opinion, the Company's internal audit system (designed to cover all significant areas over a period of two years) is commensurate with the size of the Company and nature of its business.
  - viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
  - ix) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing during the year the 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 as applicable with the appropriate authorities.
  - b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth

tax, service tax, customs duty and excise duty as at 31 March 2012, as applicable, which have not been deposited on account of a dispute are as follows :

Name of the Statute	Nature of Dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central and State Sales Tax Act	Taxes including interest	7	1986-87, 2003-04 and 2004-05	Sales Tax Appellate Tribunal
		19	1984-85 and 2008-09	Deputy Commissioner of Commercial Taxes.
		437	2005-06 to 2008-09	Joint Commissioner of Commercial Taxes
		2	2005-06	Gwalior High Court
Central Excise Act, 1944	Excise Duty including penalty	3855	2001-02 to 2009-10	Central Excise and Service Tax Appellate Tribunal
		69	2004-05 to 2009-10	Additional Commissioner of Central Excise
		1863	2005-06 to 2010-11	Commissioner of Central Excise & Service Tax (Appeals)
		7	2007-08 to 2008-09	Assistant Commissioner of Central Excise
Finance Act, 1994	Service Tax	18	2001-02	Joint Commissioner of Central Excise & Service Tax
Customs Act, 1962	Customs Duty	16	1995-96, 1996-97, 1998-99, 2000-2001, 2008-09	Deputy Commissioner of Customs
		16	1989-90, 1992-93, 1993-94	Central Excise and Service Tax Appellate Tribunal
		51	1989-90, 1996-97, 2002-03	Assistant Commissioner of Customs
		7	2005-06	Commissioner of Customs (Appeals)
Income Tax Act, 1961	Income Tax	552	Assessment Year 1998-99	Ranchi High Court
		1388	Assessment Year 2007-08	Commissioner of Income Tax (Appeals), Ranchi

- x) The Company has no accumulated losses as at 31 March, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
- xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 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 others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained other than Rs.249,26 Lakhs being a part of a term loan, disbursed towards the year end and was pending utilisation.
- xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

xix) The Company has not issued any debentures during the year and does not have any debentures outstanding as at the year end.

xx) The Company has not raised any money by public issues during the year.

xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

4. We draw your attention to the Note 41 to financial statements regarding managerial remuneration aggregating Rs 518 Lakhs paid to the whole time directors of the Company during the year, in respect of which special resolution at the general meeting and Central government approval are yet to be obtained, in accordance with the requirement of Schedule XIII to the Act

5. Further to our comments in paragraphs 3 and 4 above, we report that :

- 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 ;
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
- 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 ;
- In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act ;
- On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act ;
- In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and except for the effect of the matter referred to in paragraph 4 above, give a true and fair view in conformity with the accounting principles generally accepted in India :
  - In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2012 ;
  - In the case of the Statement of Profit and Loss, of the loss for the year ended on that date ; and
  - In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For PRICE WATERHOUSE  
Firm Registration Number: 301112E  
Chartered Accountants

Kolkata  
10th May, 2012

(P. Law)  
Partner  
Membership No. 51790

## Balance Sheet as at 31st March, 2012

(All amounts in Rs. Lakhs, unless otherwise stated)

	Note No.	As at 31st March, 2012	As at 31st March, 2011
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	3,054	3,054
Reserves and Surplus	4	150,100	152,651
		<b>153,154</b>	<b>155,705</b>
<b>Non-current Liabilities</b>			
Long-term Borrowings	5	197,109	131,950
Deferred Tax Liabilities (Net)	6	20,384	21,488
Other Long-term Liabilities	7	41,170	16,358
Long-term Provisions	8	1,805	1,661
		<b>260,468</b>	<b>171,457</b>
<b>Current Liabilities</b>			
Short-term Borrowings	9	20,302	15,037
Trade Payables	10	136,851	93,791
Other Current Liabilities	11	38,141	56,337
Short-term Provisions	12	548	4,538
		<b>195,842</b>	<b>169,703</b>
<b>TOTAL</b>		<b>609,464</b>	<b>496,865</b>
<b>Assets</b>			
<b>Non-current Assets</b>			
Fixed Assets			
Tangible Assets	13A	290,657	274,723
Intangible Assets	13B	232	29
Capital Work-in-Progress	13C	76,249	38,248
Non-current Investments	14	18,695	18,695
Long-term Loans and Advances	15	20,856	15,678
Other Non-current Assets	16	2,021	1,149
		<b>408,710</b>	<b>348,522</b>
<b>Current Assets</b>			
Inventories	17	121,274	96,266
Trade Receivables	18	35,971	28,348
Cash and Bank Balances	19	25,318	11,299
Short-term Loans and Advances	20	13,335	10,428
Other Current Assets	21	4,856	2,002
		<b>200,754</b>	<b>148,343</b>
<b>TOTAL</b>		<b>609,464</b>	<b>496,865</b>

This is the Balance Sheet referred to in our report of even date.

**For PRICE WATERHOUSE**

Firm Registration Number : 301112E  
Chartered Accountants

**(P. Law)**

Partner  
Membership No. 51790

Kolkata  
10th May, 2012

The notes are an integral part of the financial statements.

**P. Jhwar**  
Chairman

**R. Jhwar**  
Managing Director

**A. K. Somani**  
Company Secretary

# Statement of Profit & Loss Account for the year ended 31st March, 2012

(All amounts in Rs. Lakhs, unless otherwise stated)

	Note No	Year ended 2011-12	Year ended 2010-11
<b>Income</b>			
Revenue from Operations (Gross)	25	308,076	274,024
<b>Less: Excise Duty</b>		24,387	21,553
Revenue from Operations (Net)		283,689	252,471
Other Income	26	4,264	4,881
<b>Total Revenue</b>		<b>287,953</b>	<b>257,352</b>
<b>Expenses</b>			
Cost of Materials Consumed	27	131,400	106,905
Purchases of Stock-in-trade	28	354	376
Changes in inventories of Finished Goods, Work-in-progress, Stock-in-trade and Scrap	29	(23,570)	(13,655)
Employees Benefits Expense	30	15,209	13,328
Finance Costs	31	25,485	18,226
Depreciation and Amortisation Expense	32	19,776	17,649
Other Expenses	33	124,030	100,297
Adjustment of Items Capitalised and Departmental Orders for own consumption		(350)	(304)
<b>Total Expenses</b>		<b>292,334</b>	<b>242,822</b>
Profit/(Loss) before Exceptional and Extraordinary items and tax		(4,381)	14,530
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		(4,381)	14,530
Extraordinary items		-	-
<b>Profit/(Loss) before tax</b>		<b>(4,381)</b>	<b>14,530</b>
Tax expenses			
Current Tax		-	2,850
Less MAT Credit Entitlement		-	(2,850)
Deferred Tax Charge / (Credit)		(1,104)	4,577
<b>Profit/(Loss) for the period</b>		<b>(3,277)</b>	<b>9,953</b>
Earning per Equity Share [Nominal Value per Share Re.1/- (31st March 2011 Re.1/-)]	43		
Basic		(1.08)	3.27
Diluted		(1.08)	3.27

This is the Statement of Profit and Loss referred to in our report of even date.

The notes are an integral part of the financial statements.

**For PRICE WATERHOUSE**  
Firm Registration Number : 301112E  
Chartered Accountants

**(P. Law)**  
Partner  
Membership No. 51790

Kolkata  
10th May, 2012

**P. Jhwar**  
Chairman

**R. Jhwar**  
Managing Director

**A. K. Somani**  
Company Secretary

# Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

## 1. General Information

Usha Martin Limited (the 'Company') is a public limited company domiciled in India, incorporated under the provisions of the Companies Act, 1956 and is listed on two stock exchanges in India and its GDRs on one stock exchange in Luxembourg. The Company is engaged in the manufacturing of speciality steel and value added steel products. The Company caters to both domestic and international markets.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis and also to comply in all material aspects with the accounting standards notified under Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company for preparation of its financial statements. Accordingly all assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of classification of current and non-current assets and liabilities.

### 2.2 Change in accounting policy

**Exchange Differences :** The Company has opted to avail the choice provided under paragraph 46A of Accounting Standard (AS) 11-"The Effects of Changes in Foreign Exchange Rates", inserted vide Notification dated December 29, 2011. Consequently, the following exchange differences on long term foreign currency monetary items, which were until now being recognised in the Statement of Profit and Loss are now being dealt with in the following manner:

- Foreign exchange difference on account of a depreciable asset, is adjusted in the cost of depreciable asset, which would be depreciated over the balance life of the asset.
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account (FCMITDA), and amortised over the balance period of such long term asset/liability.

As a result of change in accounting as aforesaid, the year-end carrying amount of Tangible Assets and Capital Work-in-progress is higher by Rs.5,755 and Rs.7,891 respectively and the net unamortised FCMITDA balance (debit) as at the year-end is Rs. 67 with corresponding favourable impact of Rs.13,713 on the Loss for the year.

### 2.3 Fixed Assets

#### (a) Tangible Assets

Tangible Assets are stated at cost net of accumulated

depreciation and accumulated impairment losses, if any. Cost comprises cost of acquisition, construction and subsequent improvements thereto including taxes and duties (net of credits and draw backs), freight and other incidental expenses related to acquisition and installation. Preoperative expenses, where appropriate, are capitalised till the commercial use of the assets.

#### (b) Intangible Assets

Intangible Assets are stated at cost of acquisition net of accumulated amortisation and accumulated impairment losses if any. Cost comprises cost of acquisition and subsequent improvements thereto including taxes and duties (net of other incidental expenses etc.) related to acquisition and installation.

#### (c) Capital Work-in-progress

Capital Work-in-progress are stated at cost and inclusive of preoperative expenses, project development expenses etc.

### 2.4 Depreciation & Amortisation

(a) Depreciation (including amortisation) is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956 other than the following:

- Certain items of Plant and Machinery - 20%
- Computer Softwares - 20% - 50%

In respect of assets existing as on 16th December, 1993, the specified period has been recomputed in terms of the Notification No.GSR 756E dated 16th December, 1993 read with Circular No.14/93 dated 20th December, 1993 with respect to revised rates and depreciation has been provided by allocating net book value of fixed assets as at the beginning of the year over the remaining recomputed lives of respective assets.

- Leasehold Land is amortised over the tenure of respective leases.
- Mining Lease and Development is amortised over the tenure of lease or estimated useful life of the mine, whichever is shorter.

### 2.5 Borrowing Cost

Borrowing Cost attributable to the acquisition and construction of qualifying assets are added to the cost up to the date when such assets are ready for their intended use. Other borrowing costs are recognised as expenses in the period in which these are incurred.

### 2.6 Impairment Loss

An impairment loss, if any, is recognised wherever the carrying amount of the fixed assets exceeds the recoverable amount i.e. the higher of the assets' net selling price and value in use.

### 2.7 Investments

Investments which are expected to be liquidated within one year are classified as current investments and are valued at lower of cost and net realisable value. All other investments are classified as long term investments and are stated at cost. However diminution in carrying amount, other than temporary, is either written down or provided for and netted off against the cost.



# Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

## 2.8 Inventories

Inventories other than scrap are valued at lower of cost and estimated net realisable value. Cost is determined on Weighted Average basis. Scrap is valued at estimated net realisable value.

## 2.9 Transaction in Foreign Currencies

### Initial Recognition

On initial recognition, all foreign currencies transactions are recorded at exchange rates prevailing on the date of the transaction.

### Subsequent Recognition

At the reporting date, foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of transactions.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. With respect to long-term foreign currency monetary items, from April 1, 2011 onwards, the Company has adopted the following policy:

- (a) Foreign exchange difference on account of a depreciable asset, is adjusted in the cost of depreciable asset, which would be depreciated over the balance life of the asset.
- (b) In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/liability.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability. Refer Note 2.2 for the effect of change in accounting policy.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

## 2.10 Derivative Instruments and Hedge Accounting

The Company uses derivative financial instruments such as foreign exchange contracts, currency swaps, option contracts, interest rate swaps etc. to hedge its exposure to movements in foreign exchange rates and interest rates relating to the underlying transactions, highly probable forecast transactions and firm commitments.

Effective April 1, 2009 the Company adopted Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India to the extent the adoption does not contradict with existing Accounting Standards and other authoritative pronouncements of the Companies Act, 1956 of India and other regulatory requirements.

For option contracts and interest rate swaps that are designated as effective cash flow hedges, the gain or loss from the effective portion of the hedge is recorded and reported directly in reserves (under the "Hedging Reserve Account") and are reclassified into the Statement of Profit and Loss upon the occurrence of the hedged transactions.

The Company recognises gains or losses from changes in fair

values of option contracts and interest rate swaps that are not designated as cash flow hedges in the Statement of Profit and Loss in the period in which they arise. In respect of forward exchange contracts with underlying transactions, the premium or discount arising at the inception of such contract is amortised as expenses or accounted for as income over the life of contracts.

Other Derivative contracts outstanding at the Balance Sheet date are marked to market and resulting net loss, if any, is provided for in the financial statements.

Any profit or loss arising on cancellation of derivative instruments are recognised as income or expense for the period.

## 2.11 Revenue Recognition

**Sale of Goods:** Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts, rebates, sales taxes but including excise duties.

**Sale of Services:** Sales are recognised upon the rendering of services and are recognised net of service tax.

Other items are recognised on accrual basis.

## 2.12 Other Income

**Interest:** Interest income is generally recognised on a time proportion basis taking into account the amount outstanding and the rate applicable, when there is reasonable certainty as to realisation.

**Dividend:** Dividend income is recognised when the right to receive dividend is established.

All other items are recognised on accrual basis.

## 2.13 Employees Benefits

### (a) Short -term Employee Benefits :

The undiscounted amount of Short-term Employee Benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

### (b) Post Employment Benefit Plans :

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the year.

For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method (PUCM), with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets where such plans are funded. Measurement of any assets resulting from this calculation is

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the scheme.

### (c) Other Long-term Employment Benefits (unfunded)

The cost of providing long-term employee benefits is determined using PUCM with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Statement of Profit and Loss for the period in which they occur. Other long term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

### 2.14 Research and Development Expenditure

Revenue expenditure on Research and Development (R & D) is charged in the year in which it is incurred. Capital Expenditure for R & D are capitalised.

### 2.15 Government Grants

- (a) Government grants of the nature of promoters' contribution are credited to Capital Reserve.
- (b) Government grants related to specific fixed assets are deducted from gross values of related assets in arriving at their book values.
- (c) Government grants related to revenue are recognised on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with their related costs.

### 2.16 Taxation

Current Tax in respect of taxable income is provided for the year based on applicable tax rates and laws. Deferred tax is recognised subject to the consideration of prudence in respect of deferred tax assets, 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 and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisation.

Current tax assets and current tax liabilities are offset when there is legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets and liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### 2.17 Provision and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or there is a present obligation, reliable estimate of the amount of which cannot be made. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

### 2.18 Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of lease.

### 2.19 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further, inter-segment revenue have been accounted for based on prices normally negotiated between the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Corporate-Unallocated/Others (Net)".

### 2.20 Cash and Cash Equivalent

In the Cash Flow Statement, cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments, if any, with original maturities of three month or less.

### 2.21 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

3. Share Capital		
	As at 31st March, 2012	As at 31st March, 2011
<b>Authorised:</b>		
500,000,000 (31st March, 2011: 500,000,000) Equity Shares of Re 1/- each	5,000	5,000
10,000,000 (31st March, 2011:10,000,000) Redeemable Cumulative Preference Shares of Rs.50/- each	5,000	5,000
<b>TOTAL</b>	<b>10,000</b>	<b>10,000</b>
<b>Issued Subscribed and Paid-up:</b>		
304,741,780 (31st March 2011 : 304,741,780) Equity Shares of Re. 1/- each fully paid up	3,047	3,047
Add: Shares Forfeited	7	7
<b>Total</b>	<b>3,054</b>	<b>3,054</b>

- (a) 8,019,495 (31 March, 2011: 4,729,370) Equity Shares are represented by Global Depository Receipts (GDRs) out of above paid up Equity Shares.
- (b) Rights, preference and restrictions attached to shares issued:  
The Company has only one class of equity shares having a par value of Re.1 per share. Each shareholder is eligible for one vote per share held (except in case of GDRs). The dividend if proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.
- (c) Details of shares held by shareholders holding more than 5 % of the aggregate shares in the Company.

	As at 31st March, 2012	As at 31st March, 2011
UMIL Shares & Stock Broking Services Limited	36,673,238 (12.03%)	35,190,280 (11.55%)
HSBC Global Investment Funds Mauritius Limited	18,694,789 (6.13%)	20,200,000 (6.63%)
Usha Martin Ventures Limited	19,822,588 (6.50%)	19,340,900 (6.35%)
Peterhouse Investments Limited	18,971,455 (6.23%)	18,971,455 (6.23%)
Usha Martin Finance Limited (Merged with PIIL)	-	16,102,785 (5.28%)
Peterhouse Investments India Limited (PIIL)	20,767,330 (6.81%)	-

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

4. Reserves & Surplus		
	As at 31st March, 2012	As at 31st March, 2011
<b>Capital Reserve</b>	3,718	3,718
<b>Capital Redemption Reserve</b>	2,285	2,285
<b>Securities Premium Reserve</b>	85,589	85,589
<b>General Reserve (Refer (a) below)</b>		
Balance as at the beginning of the year	57,369	52,369
Add: Transferred from Surplus in Statement of Profit and Loss during the year	-	5,000
<b>Balance as at the end of the year</b>	<b>57,369</b>	<b>57,369</b>
<b>Hedging Reserve Account (Refer Note 2.10)</b>		
Balance as at the beginning of the year	(1,854)	(1,158)
Add: Additions during the year	1,400	121
Less : Transfer during the year	674	817
<b>Balance as at the end of the year</b>	<b>(1,128)</b>	<b>(1,854)</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	5,544	4,111
Profit / (Loss) for the year	(3,277)	9,953
Less : Appropriations		
Proposed dividend on Equity Shares for the year	-	3,047
Dividend distribution tax on Proposed dividend on Equity Shares	-	473
Transfer to General Reserve	-	5,000
<b>Balance as at the end of the year</b>	<b>2,267</b>	<b>5,544</b>
<b>Total</b>	<b>150,100</b>	<b>152,651</b>

(a) Represents a free reserve not held for any specific purpose.

5. Long-term Borrowings		
	As at 31st March, 2012	As at 31st March, 2011
<b>Secured:</b>		
<b>Term Loans</b>		
From Financial Institution (Rupee Loans)	45,000	25,000
From Banks		
Rupee Loans	58,000	53,824
Foreign Currency Loans	94,109	53,126
<b>Total</b>	<b>197,109</b>	<b>131,950</b>

### Nature of Security and terms of repayment for secured borrowings :

#### **Nature of Security**

All Term Loans from Financial Institution and Banks are secured by way of Joint Equitable Mortgage by deposit of title deeds of certain immovable properties and hypothecation over movable assets of the Company both present and future subject to prior charges of the Company's Bankers on specified movable assets for Working Capital requirements.

#### **Terms of Repayment**

- (a) Rupee term loan from a Financial Institution amounting to Rs.25,000 (31st March, 2011:Rs. 25,000) is repayable in eighteen quarterly installments commencing from 20th June 2013 to 20th September 2017. Interest is payable on monthly basis at One Year Gsec plus 2.85% p.a.
- (b) Rupee term loan from a Financial Institution amounting to Rs.20,000 (31st March, 2011:Rs. Nil) is repayable in eighteen quarterly installments commencing from 20th June 2014 to 20th September 2018. Interest is payable on monthly basis at One Year Gsec plus 3.25% p.a.
- (c) Rupee term loan from a Bank amounting to Rs.10,000 (31st March, 2011:Rs.10,000) is repayable in twenty quarterly installments commencing from 1st April 2013 to 1st January 2018. Interest is payable on monthly basis at Base rate of the Bank plus 2% p.a.
- (d) Rupee term loan from a Bank amounting to Rs. 8,000 (31st March, 2011:Rs. 9,600) is repayable in nineteen quarterly installments from 29th April 2013 to 29th October 2017. Interest is payable on monthly basis at Base rate of the Bank plus 1.75% p.a.
- (e) Rupee term loan from a Bank amounting to Rs. 20,000 (31st March, 2011:Rs. 24,000) is repayable in eleven quarterly installments from 30th June 2013 to 31st December 2015. Interest is payable on monthly basis at Base rate of the Bank plus 2.15% p.a.
- (f) Rupee term loan from a Bank amounting to Rs.20,000 (31st March, 2011:Rs. Nil) is repayable in twelve quarterly installments commencing from 31st December 2013 to 30th September 2016. Interest is payable on monthly basis at Base rate of the Bank plus 1.15% p.a.

# Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

- (g) Rupee term loans from Banks aggregating to Rs. Nil (31st March, 2011 Rs. 10224) carrying interest at Base rate of the banks plus 2.25% p.a. have been prepaid during the year.
- (h) Foreign Currency term loan from a Bank amounting to Rs. 63,588 (31st March, 2011:Rs.11,138) is repayable in ten equal quarterly installments commencing from 30th October 2015 to 31st January 2018. Interest is payable on quarterly basis at three months USD LIBOR plus 2.85% p.a.
- (i) Foreign Currency term loan from a Bank amounting to Rs. 12,717 (31st March, 2011:Rs.20,048) is repayable in five equal quarterly installments from 16th May 2013 to 16th May 2014. Interest is payable on half yearly basis at six months JPY LIBOR plus 1.40% p.a.
- (j) Foreign Currency term loan from a Bank amounting to Rs. 17,804 (31st March, 2011:Rs. 15,592) is repayable in five equal quarterly installments commencing from 16th August 2013 to 16th August 2014. Interest is payable on half yearly basis at six months JPY LIBOR plus 2% p.a.
- (k) Foreign Currency term loan from a Bank amounting to Rs. Nil (31st March, 2011:Rs. 2,339) is repayable in two equal installments on 15th August, 2012 and 15th February, 2013 respectively. Interest is payable on half yearly basis at six months USD LIBOR plus 1.50% p.a.
- (l) Foreign Currency term loan from a Bank amounting to Rs. Nil (31st March, 2011:Rs. 4,009) is repayable on 5th June, 2012 and 3rd July, 2012 respectively. Interest is payable on monthly basis at six months USD LIBOR plus 1.50% p.a.
- (m) Outstanding balances of loans as indicated in (a) to (l) above are exclusive of current maturities of such loans as disclosed in Note 11.

6. Deferred Tax Liabilities (Net)		
	As at 31st March, 2012	As at 31st March, 2011
<b>Deferred Tax Liabilities</b>		
Depreciation as per tax law and books	28,519	25,337
Exchange gain pertaining to fixed assets as per tax law and books	1,011	252
<b>Total (A)</b>	<b>29,530</b>	<b>25,589</b>
<b>Deferred Tax Assets</b>		
Unabsorbed tax depreciation/loss@	8,041	3,269
Disallowances allowable for tax purpose on payment	698	380
Provision for doubtful debts and advances	402	442
Deferred Revenue Expenditure	5	10
<b>Total (B)</b>	<b>9,146</b>	<b>4,101</b>
<b>Net Deferred Tax Liabilities (A-B)</b>	<b>20,384</b>	<b>21,488</b>

@ Absorption expected based on future Taxable Income.

7. Other Long-term Liabilities		
	As at 31st March, 2012	As at 31st March, 2011
<b>Trade Payables (Refer Note 42)</b>	24	20
<b>Others</b>		
Capital Liabilities (Acceptances)	38,380	11,755
Derivative Liabilities	2,607	4,445
Foreign Currency Monetary Item Translation Difference Accounts	28	-
Security Deposits Received	131	138
<b>Total</b>	<b>41,170</b>	<b>16,358</b>

8. Long-term Provisions		
	As at 31st March, 2012	As at 31st March, 2011
Provision for Employees Benefits	771	623
<b>Others Provisions</b>		
Provision for Restoration of Mines Sites [Refer (a) below]	1,034	1,038
<b>Total</b>	<b>1,805</b>	<b>1,661</b>
<b>(a) Movement of Provision for Restoration of Mine Sites</b>		
Balance as at the beginning of the year	1,038	1,061
Additions	-	-
Amounts used	4	23
Balance as at the end of the year	1,034	1,038

Provision for Restoration of Mines Sites is held for the purpose of meeting site restoration obligation pursuant to Rule 23 under Mineral Conservation and Development (Amendment Rules, 2003) read with Section 18 of the Mines and Minerals (Development and Regulation) Act, 1957.

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

9. Short-term Borrowings		
	As at 31st March, 2012	As at 31st March, 2011
<b>Secured</b>		
Working Capital Loans from Banks	20,302	15,037
<b>Total</b>	<b>20,302</b>	<b>15,037</b>

Working Capital Loans from Banks are secured by hypothecation of all current assets of the Company. Further such loans from Banks are also secured by charge on certain immovable properties, subject to prior charges in favour of Financial Institutions and Banks created/to be created in respect of any existing/future financial assistance/accommodation which has been/may be obtained by the Company.

10. Trade Payables		
	As at 31st March, 2012	As at 31st March, 2011
Acceptances	115,974	79,769
Others (Refer Note 42)	20,877	14,022
<b>Total</b>	<b>136,851</b>	<b>93,791</b>

11. Other Current Liabilities		
	As at 31st March, 2012	As at 31st March, 2011
Current maturities of long-term debt (Refer Note 5)	23,023	13,934
Interest accrued but not due on borrowings	1,141	1,019
Interest accrued on trade payables and others	821	142
Unclaimed Dividend [ Refer (a) below ]	69	57
Unclaimed Matured Fixed Deposits [ Refer (a) below ]	4	8
Unclaimed Interest on above [ Refer (a) below ]	2	4
Advances from Customers	1,704	1,318
Derivative Liabilities	445	350
Capital Liabilities [including Acceptances Rs.228 (31st March, 2011 : 28,204)]	4,678	34,447
Security Deposits Received	105	168
Employees Benefits payable	1,252	1,637
Statutory dues (including Provident Fund, Tax deducted at Source, etc.)	3,769	2,152
Other Payables	1,128	1,101
<b>Total</b>	<b>38,141</b>	<b>56,337</b>

(a) There are no amount due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

12. Short-term Provisions		
	As at 31st March, 2012	As at 31st March, 2011
Provision for Employees Benefits	531	397
Provision for Income Tax [ Provision for Income tax Rs.16,596 (31st March, 2011 : 20,475) netted off against Advance Income tax to the extent of Rs.16,596 (31st March, 2011 : Rs.19,886)]	-	589
Provision for Fringe Benefit Tax [ Net of advance tax Rs. 335 (31st March, 2011: Rs. 335)]	2	2
Provision for Wealth Tax	15	18
Provision for Proposed Dividend on Equity Shares	-	3,047
Provision for Dividend distribution Tax thereon	-	485
<b>Total</b>	<b>548</b>	<b>4,538</b>

# Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

## 13A. Tangible Assets

	Gross Block				Depreciation / Amortisation			Impairment Loss			Net Block		
	Cost as on 31st March, 2011	Additions during the year	Disposal/ adjustment during the year	Other Adjustments (Refer (c) below)	Cost as on 31st March, 2012	As on 31st March, 2011	For the year	On Disposal/ Adjustments during the year	Total up to 31st March, 2012	As on 31st March, 2011	During the year	As on 31st March, 2012	As on 31st March, 2011
Land and Site Development													
Freehold	8,283	915	636	-	8,562	-	-	-	-	-	-	8,562	8,283
Leasehold	1,961	10	-	-	1,971	159	19	-	178	-	-	1,793	1,802
Mining Lease and Development (Refer (b) below)	10,590	-	-	-	10,590	2,288	950	-	3,238	-	-	7,352	8,302
Buildings	28,802	5,391	*	18	34,211	7,895	865	*	8,760	-	-	25,451	20,907
Plant and Equipments	304,532	21,730	188	6,332	332,406	88,719	16,201	133	104,787	1,408	1,408	226,211	214,405
Railway Sidings	2,667	-	-	-	2,667	527	127	-	654	-	-	2,013	2,140
Electrical Installation	22,352	1,354	*	4	23,710	5,494	1,349	*	6,843	-	-	16,867	16,858
Water Treatment and Supply Plant	1,553	359	*	-	1,912	850	57	*	907	-	-	1,005	703
Office Equipment	1,199	50	6	-	1,243	735	64	3	796	-	-	447	464
Furniture and Fixtures	697	41	1	-	737	428	33	-	461	-	-	276	269
Vehicles	1,058	212	69	-	1,201	468	89	36	521	-	-	680	590
	<b>383,694</b>	<b>30,062</b>	<b>900</b>	<b>6,354</b>	<b>419,210</b>	<b>107,563</b>	<b>19,754</b>	<b>172</b>	<b>127,145</b>	<b>1,408</b>	<b>1,408</b>	<b>290,657</b>	<b>274,723</b>
31st March 2011	316,350	64,061	322	3,605	383,694	90,063	17,635	135	107,563	1,408	1,408	274,723	

\* Amount is below the rounding off norm adopted by the Company.

- (a) Land and Buildings include Rs. 238 [31st March, 2011: Rs. 1,011] in respect of which Deed of Conveyance, Registration and other formalities are yet to be completed.
- (b) Gross Block includes Rs.1,061 [31st March, 2011: Rs.1,061] on account of provision for meeting mine sites restoration obligation as referred to in Note 8 which was created in earlier years. The depreciation for the current year includes Rs.161 [31st March, 2011 : Rs.179] on account of amortisation of the same.
- (c) Other adjustments include adjustments on account of Borrowing Costs of Rs.481 (31st March, 2011 Rs. 3,605) and Exchange Loss of Rs.5,873 (31st March, 2011 : Rs. Nil).

## 13B. Intangible Assets

	Gross Block				Amortisation			Impairment Loss			Net Block		
	Cost as on 31st March, 2011	Additions during the year	Disposal/ adjustment during the year	Other Adjustments	Cost as on 31st March, 2012	As on 31st March, 2011	For the year	On Disposal/ Adjustments during the year	Total up to 31st March, 2012	As on 31st March, 2011	During the year	As on 31st March, 2012	As on 31st March, 2011
Computer Softwares (Acquired)	729	225	-	-	954	700	22	-	722	-	-	232	29
	<b>729</b>	<b>225</b>	<b>-</b>	<b>-</b>	<b>954</b>	<b>700</b>	<b>22</b>	<b>-</b>	<b>722</b>	<b>-</b>	<b>-</b>	<b>232</b>	<b>29</b>
31st March 2011	722	9	2	-	729	686	14	-	700	-	-	29	36
<b>13 C. Capital Work-in-progress@</b>												<b>76,249</b>	<b>38,248</b>

@ Capital work-in-progress includes Project Development Expenses Rs. 774 (31st March 2011 : Rs.466) , Borrowing Costs Rs.1,340 (31st March, 2011 Rs.586) and Exchange Loss Rs.7,891 (31st March, 2011 Rs. Nil).

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

14. Non-current Investments	As at 31st March, 2012	As at 31st March, 2011
<b>Long-term - Unquoted (valued at Cost unless stated otherwise)</b>		
<b>Trade Investments</b>		
<b>Investments in Equity Instruments :</b>		
<b>Investments in Subsidiary Companies :</b>		
Usha Martin International Limited		
59,09,388 (31st March, 2011 : 59,09,388) Ordinary Shares of GBP 1 each fully paid	6,181	6,181
Usha Siam Steel Industries Public Company Limited		
1,32,00,000 (31st March, 2011:1,32,00,000) Ordinary Shares of Thai Baht 10 each fully paid	2,620	2,620
Usha Martin Singapore Pte Limited		
10,00,000 (31st March, 2011 : 10,00,000) Ordinary Shares of SGD 1 each fully paid	268	268
Brunton Wolf Wire Rope, FZCO		
114 (31st March, 2011 : 114) Ordinary Shares of AED 1,00,000 each fully paid	1,777	1,777
Usha Martin Americas Inc		
40,00,000 (31st March, 2011 : 40,00,000) Shares of USD 1 each fully paid	1,660	1,660
UMICOR Africa (Proprietary) Limited		
[ under liquidation ; Refer (a) below ]		
30,44,451 (31st March, 2011 : 30,44,451) Ordinary Shares of Rand 1 each fully paid	-	-
UM Cables Limited		
1,11,29,660 (31st March, 2011 : 1,11,29,660) Equity Shares of Rs.10/- each fully paid	1,271	1,271
Usha Martin Power and Resources Limited		
49,940 (31st March, 2011 : 49,940) Equity Shares of Rs. 10/- each fully paid	5	5
Bharat Minex Private Limited		
2,00,000 (31st March, 2011 : 2,00,000) Equity Shares of Rs. 10/- each fully paid	10	10
<b>Investments in Joint Ventures Companies : [ Refer (b) below ]</b>		
Pengg Usha Martin Wires Private Limited		
1,08,00,000 (31st March, 2011 : 1,08,00,000) Equity Shares of Rs.10/- each fully paid	1,080	1,080
Gustav Wolf Speciality Cords Limited		
73,500 (31st March, 2011 : 73,500) Equity Shares of Rs.10/- each fully paid up	73	73
CCL Usha Martin Stressing Systems Limited		
4,73,195 (31st March, 2011 : 4,73,195) Equity Shares of Rs.10/- each fully paid up	47	47
Dove Airlines Private Limited		
10,38,000 (31st March, 2011 : 10,38,000) Equity Shares of Rs.10/- each fully paid	325	325
<b>Investments in Preference Shares :</b>		
<b>Investment in Subsidiary Company :</b>		
UM Cables Limited		
29,00,000 (31st March, 2011 : 29,00,000) 2% Redeemable		
Cumulative Preference Shares of Rs.100/- each fully paid	2,900	2,900
<b>Investment in Joint Ventures Company :</b>		
Pengg Usha Martin Wires Private Limited		
4,40,000 (31st March, 2011 : 4,40,000) 0.50% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid	440	440
<b>Total (A)</b>	<b>18,657</b>	<b>18,657</b>
Other than Trade Investments		
<b>Investments in Equity Instruments :</b>		
Adityapur Toll Bridge Company Limited		
1,00,000 (31st March, 2011 : 1,00,000) Equity Shares of Rs.10/- each fully paid	10	10
Usha Communications Technology Limited BVI		
1,21,10,242 (31st March, 2011 : 1,21,10,242) Ordinary Shares of USD 0.50 each fully paid	28	28
UMI Special Steel Limited (under liquidation)		
1,80,68,472 (31st March, 2011 : 1,80,68,472) Equity Shares of Rs.10/- each fully paid	*	*
[At cost less write-down - Rs.327 (31st March, 2011 : Rs.327)]		
<b>Total (B)</b>	<b>38</b>	<b>38</b>
<b>Total (A)+(B)</b>	<b>18,695</b>	<b>18,695</b>



# Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

\* Amount is below the rounding off norm adopted by the Company.

(a) Transfer of 3,044,451 Ordinary Shares in UMICOR Africa (Proprietary ) Limited in the name of the Company could not be processed as the said UMICOR have gone into liquidation and placed under final winding up vide Order dated 30th July, 2008 of the High Court of South Africa (Witwatersrand Local Division). Such Shares were acquired during the year ended 31st March, 2006 at a nil consideration.

(b) The Company's ownership interest and other particulars relating to the Joint Venture Companies have been set out in Note 48.

15. Long-term Loans and Advances		
	As at 31st March, 2012	As at 31st March, 2011
Unsecured Considered Good (unless otherwise stated)		
Capital Advances	11,958	7,087
Security Deposits	2,195	2,297
Loans and Advances to Related Parties (Refer Note 47)	1,081	770
Loans and Advances to Employees		
Considered good	98	80
Considered doubtful	6	6
Less: Provision for doubtful advances	(6)	(6)
Other Loans and Advances		
Prepaid Expenses	7	7
Electricity Duty Receivable - Considered doubtful	92	92
Less : Provision for Electricity Duty Receivable	(92)	(92)
MAT Credit Entitlement	5,246	5,246
Balances with Government Authorities	271	191
<b>Total</b>	<b>20,856</b>	<b>15,678</b>

16. Other Non-current Assets		
	As at 31st March, 2012	As at 31st March, 2011
Unsecured Considered Good (unless otherwise stated)		
Long term deposits with bank with maturity period more than 12 months	-	2
Derivative Assets	2,021	1,147
<b>Total</b>	<b>2,021</b>	<b>1,149</b>

17. Inventories [ Refer Note 2.8 ]		
	As at 31st March, 2012	As at 31st March, 2011
Raw Materials [includes in transit - Rs. 3,662 (31st March, 2011 Rs.10,347)]	41,411	38,876
Work-in-progress [Refer (a) below]	31,405	24,439
Finished Goods [includes in transit-Rs.2,478 (31st March, 2011 Rs.1,577)] [Refer (b) below]	39,347	22,523
Stock-in-trade (i.e. Traded Goods)	70	33
Stores and Spares Parts [includes in transit - Rs.163 (31st March, 2011 Rs.2,079)]	6,342	7,589
Loose Tools	2,081	1,931
Scrap	618	875
<b>Total</b>	<b>121,274</b>	<b>96,266</b>
<b>(a) Details of Work-in-Progress</b>		
Steel products in process (including Mined inputs)	19,236	12,146
Wire and Wire Rope Products in process	12,169	12,293
	<b>31,405</b>	<b>24,439</b>
<b>(b) Details of Finished Goods</b>		
Wire Rods	5,078	3,832
Bars	13,210	6,779
Billets	6,565	1,982
Rolled Product	576	257
Wire Ropes, Strands including Locked Coil Wire Ropes	2,839	2,445
Wires	1,558	1,416
Bright Bar	626	839
Conveyor Cord	14	26
Miscellaneous Items	8,881	4,947
	<b>39,347</b>	<b>22,523</b>

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

18. Trade Receivables		
	As at 31st March, 2012	As at 31st March, 2011
<b>Unsecured</b>		
Outstanding for a period exceeding six months from the date they became due for payment:		
Considered Good	518	410
Considered Doubtful	742	766
Less: Provision for Doubtful Debts	(742)	(766)
	<b>518</b>	<b>410</b>
<b>Others</b>		
Considered Good	35,453	27,938
	<b>35,453</b>	<b>27,938</b>
<b>Total</b>	<b>35,971</b>	<b>28,348</b>

19. Cash and Bank Balances		
	As at 31st March, 2012	As at 31st March, 2011
<b>Cash and Cash Equivalents</b>		
Cash on hand	8	17
Cheques, Drafts on hand	25	826
Remittance in transit	158	1,409
<b>Bank Balances</b>		
On current accounts	256	90
Unpaid Dividend accounts@	69	57
Demand deposits (less than 3 months maturity)	8,902	8,900
	<b>9,418</b>	<b>11,299</b>
<b>Other Bank Balances</b>		
Long term deposits with maturity more than 3 months but less than 12 months	15,900	-
	<b>15,900</b>	<b>-</b>
<b>Total</b>	<b>25,318</b>	<b>11,299</b>

@ Earmarked for payment of unclaimed dividend.

20. Short-term Loans and Advances		
	As at 31st March, 2012	As at 31st March, 2011
<b>Unsecured Considered Good (unless otherwise stated):</b>		
Loan and Advances to Related Parties (Refer Note 47)	23	18
<b>Advances against procurement of goods, services etc.</b>		
Considered good	4,818	4,361
Considered doubtful	385	481
Less: Provision for Doubtful Advances	(385)	(481)
Advances Income Tax [Advance Tax Rs.17,617 (31st March, 2011 : Rs.19,886) netted off against Provision for tax to the extent Rs.16,596 (31st March, 2011 : Rs.19,886)]	1,021	-
<b>Others Loans and Advances</b>		
<b>Deposits</b>		
Considered Good	280	89
Considered Doubtful	15	15
Less: Provision for Doubtful Deposits	(15)	(15)
Prepaid Expenses	1,256	1,122
Balance with Government Authorities	5,861	4,740
<b>Other Advances</b>		
Considered Good	76	98
Considered Doubtful	3	3
Less: Provision for Doubtful Other Advances	(3)	(3)
<b>Total</b>	<b>13,335</b>	<b>10,428</b>

# Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

21. Other Current Assets		
	As at 31st March, 2012	As at 31st March, 2011
Unsecured Considered Good (unless otherwise stated)		
Interest accrued on deposits and others	1,546	76
Export Incentive Receivables	1,119	1,231
Claims Receivables	842	493
Derivative Assets	1,119	160
Other Recoverables	12	10
Unamortised Expenses :		
Unamortised Premium on Forward Contracts	123	32
Foreign Currency Monetary Item Translation Difference Accounts	95	-
<b>Total</b>	<b>4,856</b>	<b>2,002</b>

22. Contingent Liabilities		
	As at 31st March, 2012	As at 31st March, 2011
A	Claims against the Company not acknowledged as debt	
	Disputed Tax and Duty for which the Company has preferred appeal before appropriate authorities.	
	Demand for Income Tax Matters	1,940
	Demand for Sales Tax	465
	Demand for Excise Duty and Service Tax	5,812
	Demand for Customs Duty	83
	Outstanding Labour Disputes	31
	Disputed Electricity duty rebate matters which is subjudice	504
B	Guarantees	
	Corporate Guarantee given by the Company to secure the financial assistance/accommodation extended to other Bodies Corporate	6,779
C	Bills discounted with Banks including against Letter of Credit	
		12,682
		11,034

23. Commitments		
	As at 31st March, 2012	As at 31st March, 2011
A	Capital Commitments	
	Estimated amount of contracts remaining to be executed on capital account and not provided for	31,629
B	Other Commitments	
	The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfill quantified export in the next five years (31st March, 2011: in four years).	207,265
	Outstanding Letter of Credit for materials yet to be received	9,301
		-

24. Proposed Dividend		
	Year ended 31st March, 2012	Year ended 31st March, 2011
The dividend proposed for the year is as follows:		
On Equity Shares of Re. 1/- each		
Amount of dividend proposed	-	3,047
Dividend per Equity Share	-	Re. 1/- per Share

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

25. Revenue from Operations (Gross)		
	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>(i) Sale of Products</b>		
<b>Manufactured Items</b>		
Wire Rods	51,479	52,914
Bars	87,443	69,045
Billets	684	2,105
Rolled Product	16,185 (a)	14,460
Wire Ropes, Strands including		
Locked Coil Wire Ropes	87,421	74,294
Wires	40,703	38,801
Bright Bar	10,144	10,132
Conveyor Cord	1,310	1,940
Miscellaneous Items	4,726	2,857
<b>Total</b>	<b>300,095</b>	<b>266,548</b>
(a) Excluding trial production sale of Rs. 334 (Previous Year Rs. Nil )		
<b>Traded Goods</b>		
Tube Unit	369	320
Buncher Machines	-	137
Miscellaneous Items	45	397
	414	854
<b>Total</b>	<b>300,509</b>	<b>267,402</b>
<b>(ii) Sale of Services</b>		
Service Charges	375	239
<b>Total</b>	<b>375</b>	<b>239</b>
<b>(iii) Other Operating Revenue</b>		
Product Scrap Sales	5,391	4,358
Sale of Certified Emission Reduction (Carbon Credit)	-	155
Export Incentives	1,801	1,870
<b>Total</b>	<b>7,192</b>	<b>6,383</b>
<b>Total Revenue from Operations (Gross)</b>	<b>308,076</b>	<b>274,024</b>

26. Other Income		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Interest Income	215@	267@
Income from Non-current Investments		
-Dividend from subsidiary companies- Other than Trade	199	1,708
Income from Current Investments - Dividend- Other than Trade	20	62
Non Product Scrap Sales	363	353
Net Gain on foreign currency transaction and translations	-	1,149
Net Gain on Derivative Contracts	2,331	539
Provision for Doubtful Debts and Advances		
no longer required written back	169	156
Liabilities no longer required written back	526	515
Claims Received	380	84
Miscellaneous Income	61	48
<b>Total</b>	<b>4,264</b>	<b>4,881</b>

@Net of Rs.2,940 (Previous Year : Rs.95) credited against interest capitalisation towards temporary investment of project borrowings.

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

27. Cost of Materials Consumed		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Opening Stock	38,876	25,490 @
Add: Purchases	133,935	120,291 @
	<b>172,811</b>	<b>145,781</b>
Deduct: Closing Stock	41,411	38,876 @
<b>Total</b>	<b>131,400</b>	<b>106,905</b>
Details of Materials Consumed		
Metallic (Ferrous bearing)	23,807	29,593
Coke	61,504	42,433
Alloys	16,539	14,963
Other Materials [individual item does not exceed 10% of total materials consumed]	29,550	19,916
<b>Total</b>	<b>131,400</b>	<b>106,905</b>

@Figures reclassified to align with presentation relating to Goods-in-Transit as per Revised Schedule VI to the Companies Act, 1956.

28. Purchase of Stock-in-Trade		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Tube Unit	320	243
Buncher Machines	-	114
Miscellaneous items	34	19
<b>Total</b>	<b>354</b>	<b>376</b>

29. Change in Inventories of Finished Goods, Work-in-Progress, Stock-in-Trade and Scrap		
	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>(Increase)/decrease in stocks:</b>		
<b>Finished Goods</b>		
Opening Stock	22,523	23,572
Deduct : Closing Stock	39,347	22,523
	<b>(16,824)</b>	<b>1,049</b>
<b>Work-in-progress</b>		
Opening Stock	24,439	9,846
Deduct : Closing Stock	31,405	24,439
	<b>(6,966)</b>	<b>(14,593)</b>
<b>Stock-in-trade</b>		
Opening Stock	33	41
Deduct : Closing Stock	70	33
	<b>(37)</b>	<b>8</b>
<b>Scrap</b>		
Opening Stock	875	756
Deduct : Closing Stock	618	875
	<b>257</b>	<b>(119)</b>
<b>(Increase) / Decrease in stocks</b>	<b>(23,570)</b>	<b>(13,655)</b>

30. Employees Benefits Expense		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Salaries, Wages and Bonus	12,004	10,422
Contribution to Provident and Other Funds	1,311	1,106
Workmen and Staff Welfare Expenses	1,894	1,800
<b>Total</b>	<b>15,209</b>	<b>13,328</b>

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>(a) Post Employment Defined Contribution Plans</b>		
Amount recognised in the Statement of Profit and Loss		
(i) Provident Fund paid to the authorities @	27	24
(ii) Pension Fund paid to the authorities	295	280
(iii) Other Plan - Contribution paid to a Trust	219	176
	<b>541</b>	<b>480</b>

@ Contribution towards Provident Fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contribution made on a monthly basis and recognised as expense in the statement of Profit and Loss, indicated above.

### (b) Post Employment Defined Benefit Plans

#### I. Gratuity (Funded)

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme, the Gratuity Trust Funds managed by the Life Insurance Corporation of India (LIC) and other insurance companies make payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's eligible salary for specified number of days (ranging from fifteen days to one month) depending upon the tenure of service subject to a maximum limit of twenty months' salary. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as set out in Note 2.13 (b) above, based upon which, the Company makes contributions to the Gratuity Funds.

The following Table sets forth the particulars in respect of the aforesaid Gratuity fund of the Company :

#### (i) Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation

	As at 31st March, 2012	As at 31st March, 2011
Present Value of Obligation at the beginning of the year	3,137	2,896
Current Service Cost	111	101
Interest Cost	252	234
Past Service Cost	(172)	-
Actuarial (Gains)/ Losses	418	179
Benefits Paid	(331)	(273)
<b>Present Value of Obligation at the end of the year</b>	<b>3,415</b>	<b>3,137</b>

#### (ii) Reconciliation of Opening and Closing balances of the Fair Value of Plan Assets

Fair Value of Plan Assets at the beginning of the year	2,840	2,424
Expected Return on Plan Assets	241	193
Actuarial Gains/ (Losses)	10	28
Contributions	134	468
Benefits Paid	(331)	(273)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>2,894</b>	<b>2,840</b>

#### (iii) Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets

Present Value of Obligation at the end of the year	3,415	3,137
Fair Value of Plan Assets at the end of the year	2,894	2,840
<b>Assets/(Liabilities) recognised in the Balance Sheet</b>	<b>(521)</b>	<b>(297)</b>

#### (iv) Expense recognised in the Statement of Profit and Loss

Current Service Cost	111	101
Interest Cost	252	234
Past Service Cost	(172)	-
Expected Return on Plan Assets	(241)	(193)
Actuarial (Gains)/ Losses	408	151
<b>Total Expense (Recognised under Contribution to Provident and Other Funds)</b>	<b>358</b>	<b>293</b>

# Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

(v) **Category of Plan Assets :**

	As at 31st March, 2012	As at 31st March, 2011
Fund with LIC	2,807	2,763
Fund with SBI Life Insurance	35	32
Fund with HDFC Standard Life	34	31
Others (including Bank balances)	18	14
<b>Total</b>	<b>2,894</b>	<b>2,840</b>

(vi) <b>Actual Return on Plan Assets</b>	251	221
--	-----	-----

(vii) **Principal Actuarial Assumptions**

Discount Rate	8.50%	8.50%
Salary Escalation	6.00%	6.00%
Expected Return on Asset	8.50%	8.00%

(viii) **Other Disclosure (Amount recognised in current year and previous four years)**

	31st March 2012	31st March 2011	31st March 2010	31st March 2009	31st March 2008
Present Value of the Plan Obligation as at the end of the year	3,415	3,137	2,896	2,465	2,339
Fair Value of Plan Assets as at the end of the year	2,894	2,840	2,423	2,240	2,251
Surplus / (Deficit) as at the end of the year	(521)	(297)	(473)	(225)	(88)
Experience Adjustments on Plan Assets [Gain/ (Loss)]	10	28	31	18	32
Experience Adjustments on Plan Obligation [(Gain)/Loss]	418	179	403	183	(4)

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.

The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Company's policy for plan asset management and other relevant factors.

## II. Provident Fund

Provident Funds contributions in respect of employees [other than those covered in (a) above] are made to Trusts administered by the Company and such Trusts invest funds following a pattern of investments prescribed by the Government. Both the employer and employee contribute to this Fund and such contributions together with interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefit vests immediately on rendering of services by the employee. The interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Company. In terms of the Guidance on implementing Accounting Standard (AS) 15 on Employee Benefits issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, a provident fund set up by the Company is treated as a defined benefit plan in view of the Company's obligation to meet interest shortfall, if any.

Unlike in earlier years, the Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using PUCM and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the balance sheet date. Further during the year, the Company's contribution of Rs.412 (Previous year:Rs.333) to the Provident Fund Trust, has been expensed under "Contribution to Provident and Other Funds". Disclosures given hereunder are restricted to the information available as per the Actuary's report.

<b>Principal Actuarial Assumptions</b>	As at 31st March, 2012	As at 31st March, 2011
Discount Rate	8.50%	#
Expected Return on Exempted Fund	8.61%	#
Expected EPFO Return	8.25%	#

# This being the first year of valuation, previous year figures are not available.

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

31. Finance Costs		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Interest Expenses	25,097	17,690
Other Borrowing Cost	388	536
<b>Total</b>	<b>25,485@</b>	<b>18,226@</b>
@ Net of Capitalisation	4,176	287

32. Depreciation and Amortisation Expense		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Depreciation and Amortisation on Tangible assets	19,754	17,635
Amortisation of Intangible assets	22	14
<b>Total</b>	<b>19,776</b>	<b>17,649</b>

33. Other Expenses		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Consumption of Stores and Spare Parts	20,290	19,338
Power and Fuel	40,472	32,426
Material Handling Charges	15,653	13,652
Hire Charges of Plant and Machinery	-	-
Repairs to Buildings	1,257	1,055
Repairs to Machinery	9,275	6,309
Royalty	3,366	2,800
Rent	260	256
Rates and Taxes [including Wealth Tax of Rs.15 (31st March, 2011:Rs.15)]	159	97
Insurance	573	251
Freight, Transport and Delivery	10,562	10,515
Processing Charges	7,138	5,384
Travelling Expenses	977	908
Directors' Commission	-	386
Directors' Fees	3	3
Net loss on foreign currency transaction and translation	4,998	-
Provision for Doubtful Debts and Advances	50	33
Bad Debt and Advances Written off	73	36
Excise Duty on Stocks, Replacements etc.	2,113	842
Loss on Sale of Tangible Assets (Net)	105	49
Miscellaneous Expenses [Refer (a) below]	6,706	5,957
<b>Total</b>	<b>124,030</b>	<b>100,297</b>
(a) Includes remuneration paid / payable to Auditors':		
As Auditors'		
Audit Fee	45	45
Tax Audit Fee	6	6
Other matters (Certificates etc.)	30	20
Reimbursement of Expenses	2	1
<b>Total</b>	<b>83</b>	<b>72</b>



## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

34.	Year ended 31st March, 2012	Year ended 31st March, 2011
(a) The following are included under different heads of Other Expenses in the Statement of Profit and Loss		
Consumption of Stores and Spare Parts	764	447
Material Handling Charges	637	770
Repairs to Plant and Machinery	474	299
Repairs to Building	2	24
(b) Total Consumption of Stores and Spare Parts	21,054	19,785

35. Research and Development Expenditure		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Revenue	93	74
Capital	649	9

36. Value of Imports Calculated on C.I.F basis:		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Raw Materials	53,633	39,368
Component and Spare Parts	3,604	4,918
Capital Goods	4,193	4,865

37. Value of imported and indigenous materials consumed				
	Year ended 31st March, 2012		Year ended 31st March, 2012	
	Value	%	Value	%
<b>(i) Materials</b>				
Imported	60,080	46	12,243	11
Indigenous	71,320	54	94,662	89
<b>Total</b>	<b>131,400</b>	<b>100</b>	<b>106,905</b>	<b>100</b>
<b>(ii) Stores and Spare Parts</b>				
Imported	3,025	14	3,440	17
Indigenous	18,029	86	16,345	83
<b>Total</b>	<b>21,054</b>	<b>100</b>	<b>19,785</b>	<b>100</b>

38. Expenditure (including on Capital Account) in Foreign Currency on account of		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Professional and Consultancy Fees	79	46
Interest	1,813	1,360
Other Matters	921	1,162

39. Amount Remitted in Foreign Currency on account of		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Dividend paid during the year	*	*
Year to Which the dividend relates	Year ended 31st March 2011	Year ended 31st March 2010
Number of non-resident Shareholders	2	2
Number of Shares held by non-resident Shareholders	1,040	1,040
* Amount is below the rounding off norm adopted by the Company.		

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

40. Earnings in Foreign Currency on account of		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Revenue from Export of Goods on F.O.B basis	46,814	39,561
Interest Received	57	50
Service Charges	4	3
Dividend Received	199	1,650
Sale of Certified emission reduction (carbon credit)	-	155

### 41. Managerial Remuneration

Managerial Remuneration [included in Employee Benefits Expense and Other Expenses] aggregates Rs. 518 [Previous Year:Rs. Nil] paid/payable during the year, in respect of which special resolution in general meeting and Central Government approval are yet to be obtained in accordance with the requirement of Schedule XIII to the Companies Act, 1956.

### 42. Information relating to Micro and Small Enterprises (MSEs)

	As at 31st March, 2012	As at 31st March, 2011
i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the year		
Principal	72	56
Interest	-	*
ii) The amount of interest accrued and remaining unpaid at the end of accounting year	-	*
	Year ended 31st March, 2012	Year ended 31st March, 2011
iii) The amount of interest paid by the buyer in terms of Section 16 to the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year.		
Principal	Nil	Nil
Interest	*	Nil

\* Amount is below the rounding off norm adopted by the Company.

The above particulars, as applicable, have been given in respect of MSEs to the extent they could be identified on the basis of information available with the Company and pursuant to amendment of Schedule VI of the Companies Act, 1956 (the Act) vide Notification dated 16th November 2007 issued by the Central Government.

### 43. Computation of Earning per Equity Share

43. Computation of Earning per Equity Share		
	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>(I) Basic</b>		
(a) (i) Number of Equity Shares at the beginning of the year	304,741,780	304,741,780
(ii) Number of Equity Shares issued during the year	-	-
(iii) Number of Equity Shares at the end of the year	304,741,780	304,741,780
(iv) Weighted average number of Equity Shares outstanding during the year	304,741,780	304,741,780
(v) Face Value of each Equity Share Re.	1	1
(b) Profit/(Loss) after tax attributable to Equity Shareholders		
Profit/(Loss) for the period	(3,277)	9,953
(c) Basic Earning per Share [ (b)/(a)(iv) ] - Rs.	(1.08)	3.27
<b>(II) Diluted</b>		
(a) Dilutive Potential Equity Shares	-	-
(b) Diluted Earnings per Share [ same as I (c) above ]	(1.08)	3.27

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

44. Total capitalisation includes following expenses (net of revenue/ captive consumption) during trial run production of various projects of the Company.		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Cost of Materials Consumed	982	9,901
Consumption of Stores and Spares Parts	23	247
Repairs to Plant and Machinery	26	69
Material Handling Charges	92	198
Power and Fuel	32	430
Salaries, Wages and Bonus	7	-
Other Expenses	2	-
<b>Total (A)</b>	<b>1,164</b>	<b>10,845</b>
Revenue from Operations during trial run (net of excise duty)	348	-
Absorbed in subsequent production process during trial run for captive consumption	591	6,768
<b>Total (B)</b>	<b>939</b>	<b>6,768</b>
<b>Net Trial Run Expenses ( A - B )</b>	<b>225</b>	<b>4,077</b>

### 45. Segment Information for the year ended 31st March, 2012

#### A. Primary Segment Reporting (by Business Segments)

##### Composition of Business Segments

Segments have been identified in accordance with the Accounting Standard on Segment Reporting (AS-17) prescribed under the Act.

Details of products included in each of the above Segments are given below :

- Steel : Steel Wire Rods, Rolled Products, Billets, Pig Iron and allied products.  
 Wire and Wire Ropes : Steel Wires, Strands, Wire Ropes, Cord, Bright Bar, related accessories including Wire Drawing and allied machines, etc.  
 Others : Jelly Filled Telecommunication Cables, etc.

##### Segment Revenues, Results and Other Information

	Steel	Wire and Wire Ropes	Others	Total of Reportable Segment
External Revenue from Operations @	150,597	133,092	-	283,689
	133,473	118,998	-	252,471
Inter Segment Revenue from Operations @	70,544	303	-	70,847
	64,665	17	-	64,682
Other Income	1,148	371	-	1,519
	1,243	2,033	58	3,334
Segment Revenues	222,289	133,766	-	356,055
	199,381	121,048	58	320,487
Segment Result	8,129	15,309	-	23,438
	19,038	16,638	58	35,734
Segment Assets	444,822	121,560	4,171	570,553
	366,817	107,264	4,171	478,252
Segment Liabilities	169,014	20,605	54	189,673
	125,833	20,743	54	146,630
Capital Expenditure (Net)	60,855	13,484	-	74,339
	30,936	14,021	-	44,957
Depreciation and Amortisation	16,745	2,928	-	19,673
	14,832	2,721	-	17,553
Non cash expenses other than depreciation and amortisation	135	9	-	144
	118	22	-	140

@ Net of excise duty

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

### Reconciliation of Reportable Segments with the Financial Statements

	Revenues	Results/Net Profit	Assets	Liabilities #
Total of Reportable Segments	356,055	23,438	570,553	189,673
	320,487	35,734	478,252	146,630
Corporate - Unallocated / Others (Net)	2,745	(2,334)	38,911	266,637
	1,547	(2,978)	18,613	194,530
Inter Segment Revenue from Operations	(70,847)	-	-	-
	(64,682)	-	-	-
Finance Costs	-	(25,485)	-	-
	-	(18,226)	-	-
Tax expenses-Current Tax	-	-	-	-
	-	(2,850)	-	-
MAT Credit / Entitlement	-	-	-	-
	-	2,850	-	-
Tax expenses-Deferred Tax Charge / (Credit)	-	1,104	-	-
	-	(4,577)	-	-
As per Financial Statements	287,953	(3,277)	609,464	456,310
	257,352	9,953	496,865	341,160
# Excluding Shareholders' Funds.				

### B. Secondary Segment Reporting (by Geographical Segments)

	Domestic	Exports	Total
Revenue from Operations	237,000	48,208	285,208
	214,308	41,497	255,805
Total Assets	570,553	-	570,553
	478,252	-	478,252
Capital Expenditure	74,339	-	74,339
	44,957	-	44,957
Figures in normal type relates to Previous Year.			

## 46. Lease Commitments

### (a) Operating Lease Commitments

The Company has two non-cancellable operating lease agreements both having a tenure of fifteen years, in connection with establishment and operation of plants, by the lessor, for production of gaseous oxygen to cater to the Company's Steel Plant at Jamshedpur. One of such agreements became operative in 2001-02 (Lease A) and the other one has become operative in 2007-08 (Lease B). The Company pays minimum lease rent and fixed, as well as, variable operating and maintenance charges for both the Leases.

In respect of Lease A, 30% of lease rent, fixed and variable operation and maintenance charges will be escalated every quarter in the same proportion as increase in Wholesale Price Index published by the Reserve Bank of India in its bulletin (base period 1st August, 1999).

In respect of Lease B, 70% of lease rents and operation and maintenance charges will be escalated every quarter in the same proportion as increase in Wholesale Price Index published by the Reserve Bank of India in its bulletin (base period 20th April, 2007)

The future minimum lease commitments of the Company relating to aforesaid leases are as follows:

	Lease Rent		Operation and Maintenance Charges	
	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
Up to one year	894	894	296	296
More than one year and up to five years	3,385	3,563	1,081	1,176
More than five years	3,500	4,216	875	1,075

The above amount is exclusive of taxes and duties and escalation charges. The Company has charged the following amount in the Profit and Loss Account on account of the aforesaid leases.

# Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year ended 31st March 2012	Year ended 31st March 2011
Lease Rent	894	894
Operation and Maintenance Charges	296	296
Escalation Charges and Taxes	337	294
Total	1,527	1,484

- (b) The Company has entered into cancellable operating leases and transactions for leasing of accommodation for office spaces, employees residential accommodation etc. Tenure of leases generally vary between 1 and 3 years. Terms of the lease include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rentals aggregating Rs.558 (Previous year Rs.393 ) have been debited to the Profit and Loss Account.

## 47. Related party disclosures pursuant to Accounting Standard 18 prescribed under the Act.

(i) Related Parties	
(a) Where control exists :	
Name	Relationship
Usha Martin International Limited (UMIL)	Subsidiary
Usha Martin Americas Inc. (UMAI)	-do-
Usha Martin UK Limited (UMUK)	-do-
UMICOR Africa (Pty) Limited (UMICOR)	-do-
Usha Martin Vietnam Co. Limited (UMVCL)	-do-
Usha Martin Australia Pty Limited (UMAUS)	-do-
European Management and Marine Corporation Limited (EMMC)	-do-
EMM Caspian Limited (EMM Caspian)	-do-
Usha Siam Steel Industries Public Company Limited (USSIL)	-do-
Brunton Shaw UK Limited (BSUK)	-do-
Usha Martin Singapore Pte. Limited (UMSPL)	-do-
Brunton Wolf Wire Ropes FZCO. (BWWR)	-do-
P. T. Usha Martin Indonesia (PTUMI)	-do-
De Ruiter Staalkabel BV (De Ruiter)	-do-
UM Cables Limited (UMCL)	-do-
Usha Martin Power and Resources Limited (UMPRL)	-do-
Bharat Minex Private Limited (BMPL)	-do-
(b) Others :	
Gustav Wolf Speciality Cords Limited (GWSCL)	Joint Venture Company
Pengg Usha Martin Wires Private Limited (PUMWPL)	-do-
CCL Usha Martin Stressing Systems Limited (CCLUMSSL)	-do-
Dove Airlines Private Limited (DAPL)	-do-
UMI Special Steel Limited (UMISSL) - (under liquidation)	Substantial Interest in voting power of the entity
Mr. Rajeev Jhawar, Managing Director	Key Management Personnel
Dr. P Bhattacharya, Joint Managing Director (up to 4th August, 2011)	-do-
Dr. Vijay Sharma, Joint Managing Director (Steel Business) #	-do-
Mr. P.K.Jain, Joint Managing Director (Wire & Wire Rope Business) #	-do-
Mr. Brij K Jhawar	Relative of a Key Management Personnel
Mrs. Shanti Devi Jhawar	-do-
Mrs. Susmita Jhawar	-do-
Mrs. Vineeta Ruia	-do-
Ms. Stuti Jhawar	-do-
Ms. Shreya Jhawar	-do-
Ms. Amisha Jhawar	-do-

# Executive Director up to 31st January, 2012.

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

47. Related party disclosures pursuant to Accounting Standard 18 prescribed under the Act. (Contd.)  
(ii) Particulars of Transactions during the year ended 31st March, 2012

Name and Relationship	Transactions during the year										Balance outstanding at the year end								
	Sale of Products and Services	Purchase of Goods	Dividend Received	Dividend Paid	Interest Expenses/ (Income) (Net)	Directors' Remuneration	Broilage and Discount on Sale of Products	Directors' Commission / Incentive Paid (Net of tax deducted at source)	Reimbursement/ (Recoveries) of Expenses (Net)	Rending/ (Recoveries) of Management and other Services	Commission to Selling Agents	Investment in Equity and Preference Shares	Loans/ Advances (Taken)/ given (net)	Corporate Guarantees Given	Trade Receivables	Trade Payables/ Other Current Liabilities	Loans/ Advances (Long term / Short term)	Investments in Equity and Preference Shares	
<b>Substantial interest in voting power of the Company</b>																			
UMSSL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	*
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	*
<b>Subsidiary Companies</b>																			
UMIL	-	-	-	1,057	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,181
UMAI	4,491	-	-	-	-	-	-	-	32	-	-	-	3	2,788	670	29	20	1,660	
	3,471	-	-	-	-	-	-	18	1	-	-	*	2,992	317	25	18	1,660		
UMUK	9,833	53	-	-	-	-	-	63	15	-	-	-	-	2,762	-	-	-	-	
	6,408	32	-	-	-	-	-	114	17	-	-	-	-	327	-	-	-	-	
UMVCL	347	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	46	-	-	-	-	-	-	-	-	-	-	-	-	*	-	-	-	-	
UM AUS	2,279	-	-	-	-	-	-	6	1	-	-	-	-	-	1,191	-	-	-	
	1,346	-	-	-	-	-	-	5	-	-	-	-	-	508	-	-	-	-	
UM PRL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	
BMPL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	254	10	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28	10	
USSIL	3,320	105	-	-	(57)	-	-	1	(2)	-	-	-	85	2,863	-	823	2,620	-	
	5,734	247	-	-	(50)	-	-	5	(5)	-	-	-	(185)	504	35	737	2,620	-	
DE RUITER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	5	-	-	-	-	-	-	2	-	-	
UMSPL	9,019	-	-	-	-	-	-	52	*	-	-	-	-	2,563	-	-	-	268	
	6,855	-	352	-	-	-	-	51	3	9	-	-	-	638	*	-	-	268	
BWIR	8,354	-	199	-	-	-	-	-	40	-	-	-	2	1,827	-	-	2	1,777	
	5,519	-	241	-	-	-	-	-	26	-	-	-	(2)	425	-	-	-	1,777	
UMCL	25	3	-	-	5	-	-	-	(16)	-	-	-	-	7	-	-	-	4,171	
	28	9	58	-	13	-	-	-	*	-	-	-	-	3	1	-	-	4,171	
Total	37,668	161	199	-	(52)	-	-	154	(35)	-	-	-	316	5,626	11,466	29	1,099	16,692	
	29,407	288	1,708	-	(37)	-	-	193	47	9	-	-	(159)	5,192	2,782	63	783	16,692	

\* Amount is below the rounding off norm adopted by the Company.

# Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

Name and Relationship	Transactions during the year										Balance outstanding at the year end							
	Sale of Products and Services	Purchase of Goods	Dividend Received	Dividend Paid	Interest Expenses/(Income) (Net)	Directors' Remuneration	Brokers' and Discount on Sale of Products	Directors' Commission / Incentive Paid (Net of tax deducted at source)	Reimbursement/ (Recoveries) of Expenses (Net)	Rendering/ (Recoveries) of Management and other Services	Commission to Selling Agents	Investment in Equity and Preference Shares	Loans/ Advances (taken)/ given (net)	Corporate Guarantees Given	Trade Receivables	Trade Payables/ Other Current Liabilities	Loans/ Advances (Long term/ Short term)	Investments in Equity and Preference Shares
<b>Joint Venture Company</b>																		
GWSCIL	-	-	-	-	-	-	-	-	40	21	-	-	-	-	187	-	-	73
PUMMPL	2,098	*	-	-	-	-	-	(523)	200	-	-	-	940	924	-	-	-	1,520
CCLUMSSL	2,029	42	-	-	-	-	-	(318)	105	-	-	-	1,020	692	-	-	-	1,520
DAPL	-	-	-	-	(3)	-	-	492	-	-	-	75	213	213	-	-	-	47
Total	2,098	*	-	-	(3)	-	-	470	221	-	-	75	1,153	924	187	-	5	1,965
	2,029	42	-	-	-	-	-	216	136	-	-	-	1,659	705	26	-	5	1,965
<b>Key Management Personnel and Relatives</b>																		
Mr. Rajeev Jhawar	-	-	-	3	-	99	219	-	-	-	-	-	-	-	-	3	-	-
Dr. P. Bhattacharya	-	-	-	2	-	419	208	-	-	-	-	-	-	-	320	-	-	-
Mr. Brij K Jhawar	-	-	-	*	-	47	110	-	-	-	-	-	-	-	-	159	-	-
Mrs. Shanti Devi Jhawar	-	-	-	7	-	*	7	-	-	-	-	-	-	-	-	-	-	-
Mrs. Susmita Jhawar	-	-	-	4	-	8	7	-	-	-	-	-	-	-	-	8	-	-
Ms. Stuti Jhawar	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Shreya Jhawar	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Amista Jhawar	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. P. K. Jain	-	-	-	2	-	157	23	-	-	-	-	-	-	-	-	-	30	-
Dr. Vijay Sharma	-	-	-	1	-	130	32	-	-	-	-	-	-	-	-	33	-	-
Mrs. Vineeta Ruita	-	-	-	1	-	215	186	-	-	-	-	-	-	-	-	42	-	-
Total	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	46	-	-
	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	19	-	518	391	-	-	-	-	-	-	-	-	75	-	-
	-	-	-	15	-	991	319	-	-	-	-	-	-	-	-	566	-	-

\* Amount is below the rounding off norm adopted by the Company.

(iii) Figures in normal font relates to previous year.

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

### 48. Disclosure in respect of Joint Ventures

#### (a) Details of Joint Ventures

Name of Joint Venture	Country of Incorporation	Description of Interest	Proportion of Ownership Interest	
			As at 31st March, 2012	As at 31st March, 2011
Pengg Usha Martin Wires Private Limited (PUMWPL)	India	Jointly Controlled Entity	40%	40%
Gustav Wolf Speciality Cords Limited (GWSCL)	India	Jointly Controlled Entity	49%	49%
CCL Usha Martin Stressing Systems Limited (CCLUMSSL)	India	Jointly Controlled Entity	49.99%	49.99%
Dove Airlines Private Limited (DAPL)	India	Jointly Controlled Entity	50%	50%

#### (b) The Company's Financial Interest in the aforesaid Joint Venture companies are set out below :

	PUMWPL	GWSCL	CCLUMSSL	DAPL
<b>ASSETS as at 31st March, 2012</b>				
Tangible Assets	1,625 1,437	- -	- -	581 695
Intangible Assets	2 4	- -	- 2	* -
Capital Work-in-Progress	53 104	- -	- -	- -
Long-term Loans and Advances	21 20	- -	- -	1 -
Other Non-current Assets	- -	- -	- -	- 9
Inventories	399 371	- -	- 3	- -
Trade Receivables	386 337	158 209	- -	13 2
Cash and Bank Balances	3 1	12 8	28 26	17 199
Short-term Loans and Advances	172 161	108 12	1 1	67 88
Other Current Assets	- -	- -	1 1	2 3
<b>Total</b>	<b>2,661 2,435</b>	<b>278 229</b>	<b>30 33</b>	<b>681 996</b>
<b>LIABILITIES as at 31st March, 2012</b>				
Long-term Borrowings	420 540	- -	- -	- 144
Deferred Tax Liabilities (Net)	- -	- -	- -	21 1
Other Long-term Liabilities	- -	- -	- -	5 5
Long-term Provisions	9 5	- -	- -	- -
Short-term Borrowings	288 182	80 80	- -	- 201
Trade Payable	369 282	77 81	* *	8 -
Other Current Liabilities	244 162	2 4	* *	111 245
Short-term Provisions	8 1	14 (21)	* *	53 2
<b>Total</b>	<b>1,338 1,172</b>	<b>173 144</b>	<b>- -</b>	<b>198 598</b>

\* Amount is below the rounding off norm adopted by the Company.



# Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	PUMWPL	GWSCS	CCLUMSSL	DAPL
<b>INCOME for the year ended 31st March, 2012</b>				
Revenue from operations (net of excise duty)	1,584 1,218	30 47	- 1	488 542
Other Income	3 1	5 -	2 1	6 14
Total	1,587 1,219	35 47	2 2	494 556
<b>EXPENSES for the year ended 31st March, 2012</b>				
Cost of Materials Consumed	920 635	- -	- -	- -
Change in inventories of Finished Goods, Work-in-progress and Stock-in-trade and Scrap	(59) (1)	- -	- -	- -
Employees Benefits Expense	60 -	- -	- -	70 -
Finance Costs	71 95	* -	- -	42 67
Depreciation and Amortisation Expense	98 77	- -	2 2	113 135
Other Expenses	437 329	13 25	3 1	137 267
Tax Expenses - Current Tax	- -	2 6	- -	26 17
Tax Expenses - Deferred Tax Charge / (Credit)	- -	- -	- -	21 -
<b>Total</b>	1,527 1,135	15 31	5 3	409 486
Share of Custom Duty Demand not acknowledged as debt	- -	- -	- -	- 656
Share of estimated outstanding Capital Commitments	115 95	- -	- -	- -
(c) Figures in normal font relate to previous year				

\* Amount is below the rounding off norm adopted by the Company.

## 49. Disclosure pursuant to SEBI's circular No SMD/POLICY/CIR-02/2003

I.	Name	Classification
	Bharat Minex Private Limited	a
	Rs.254	b, e
	Rs.254	d
	Usha Siam Steel Industries Public Company Limited	a
	Rs. 823	b, e
	Rs. 849	d
	Usha Martin Americas Inc.	a
	Rs.20	c
	Rs.21	d
	Brunton Wolf Wire Ropes FZCO.	a
	Rs. 2	c
	Rs. 2	d
	UM Cables Limited	a
	Rs. Nil	b
	Rs. 1,434	d

Legends to classification :-

- a - denotes Subsidiaries
- b - denotes Loans outstanding as at 31st March, 2012
- c - denotes amount due on account of accrued interest, management service charges and recovery of expenses outstanding as at 31st March, 2012
- d - denotes maximum amount outstanding during the year ended 31st March, 2012
- e - denotes no repayment schedule or repayment beyond seven years.

## Notes to the financial statements

*(All amounts in Rs. Lakhs, unless otherwise stated)*

II. In view of voluminous data furnishing of particulars such as name, amount outstanding at the year end and maximum amount outstanding during the year in respect of loans and advances in the nature of loan given to employees for medical, furniture, housing, vehicle etc. with interest rate varying from 0 - 6 per cent and repayment terms varying from 1 - 10 years is not considered practicable. Aggregate amount of such advances and loans outstanding at the year end is Rs.124 (31st March 2011 ; Rs.132).

50. Provision for Dividend Tax is net of write back of excess provision Rs.Nil (Previous Year : Rs.12) made in earlier year.

51. The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule-VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification.

### Signature to Note '1' to '51'

**For PRICE WATERHOUSE**

Firm Registration Number : 301112E  
Chartered Accountants

**(P. Law)**

Partner  
Membership No. 51790

Kolkata  
10th May, 2012

**P. Jhwar**  
Chairman

**R. Jhwar**  
Managing Director

**A. K. Somani**  
Company Secretary

## Cash Flow Statement for the year ended 31st March, 2012

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit/(Loss) before taxation</b>	(4,381)	14,530
Adjustment for:		
Depreciation and Amortisation Expense	19,776	17,649
Loss on sale of tangible assets (Net)	105	49
Interest Income	(215)	(267)
Dividend received from Subsidiary Companies - Other than Trade	(199)	(1,708)
Dividend received from Current Investments - Other than Trade	(20)	(62)
Finance Costs	25,485	18,226
Unrealised foreign currency (gain)/losses (Net)	3,397	(1,730)
Unrealised derivative gains (Net)	(2,851)	(1,305)
Provision for Doubtful Debts and Advances	50	33
Provision no longer required written back	(169)	(156)
Liabilities no longer required written back	(526)	(515)
Bad debt/advances written off	73	36
Tangible assets written off	21	71
<b>Operating profit before working capital changes</b>	<b>40,546</b>	<b>44,851</b>
<b>Changes in Working Capital:</b>		
Increase in Trade Payables and Other Liabilities	41,887	24,174
Increase in Inventories	(25,008)	(29,056)
Increase in Trade Receivables and Other Assets	(9,439)	(7,538)
	7,440	(12,420)
<b>Cash generated from operations</b>	<b>47,986</b>	<b>32,432</b>
Direct tax paid	(1,619)	(3,133)
<b>Net cash generated from operating activities</b>	<b>46,367</b>	<b>29,299</b>
<b>B. Cash flow from Investing Activities:</b>		
Purchase of tangible and intangibles assets [Refer (b) below]	(70,064)	(77,675)
Sale of tangible assets	602	70
Loans and advances to Subsidiary Companies	(257)	195
Interest Income received	216	317
Placement of fund in long-term deposits with Bank having maturity of more than 3 months but less than 12 months	(15,900)	-
Dividend received from Subsidiary Companies - Other than Trade	199	1,708
Dividend received from Current Investments - Other than Trade	20	62
<b>Net cash used in investing activities</b>	<b>(85,184)</b>	<b>(75,324)</b>
<b>C. Cash flow from Financing Activities</b>		
Long term borrowings - Receipts	60,182	62,546
Short term borrowings - Receipts	5,261	15,034
Finance Costs paid	(24,987)	(17,763)
Dividend paid (including tax thereon Rs. 485 ; Previous Year : Rs. 485)	(3,520)	(3,523)
<b>Net Cash from Financing Activities</b>	<b>36,936</b>	<b>56,294</b>
<b>Net increase/(decrease) in cash and cash equivalents during the year</b>	<b>(1,881)</b>	<b>10,269</b>

## Cash Flow Statement for the year ended 31st March, 2012

(All amounts in Rs. Lakhs, unless otherwise stated)

D.		*	*
	Effect of Foreign Exchange Differences on Cash and Cash Equivalents		
	Cash and Cash equivalents at the beginning of the year	11,299	1,030
	Cash and Cash equivalents at the end of the year	9,418	11,299
	Cash and cash equivalents comprise:		
	Cash on hand	8	17
	Cheques, Draft on hand	25	826
	Remittance in transit	158	1,409
	Balance with Banks		
	On Current Accounts	256	90
	Unclaimed Dividend Accounts [Refer (c) below]	69	57
	Demand deposits - less than 3 months maturity	8,902	8,900
		9,418	11,299

\* Amount is below the rounding off norm adopted by the Company.

- (a) The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements prescribed under the Companies Act, 1956 of India.
- (b) Includes interest expense capitalised Rs.1236 (Previous Year : Rs.193) which is net of interest income Rs.2940 (Previous Year : Rs.95) from deposits out of project funds pending utilisation.
- (c) Earmarked for payment of unclaimed dividend.
- (d) Refer Note 51.

This is the Cash Flow Statement referred to in our report of even date.

**For PRICE WATERHOUSE**

Firm Registration Number : 301112E  
Chartered Accountants

**(P. Law)**

Partner  
Membership No. 51790

Kolkata  
10th May, 2012

**P. Jhwar**  
Chairman

**R. Jhwar**  
Managing Director

**A. K. Somani**  
Company Secretary

# Consolidated Auditors' Report

(All amounts in Rs. Lakhs, unless otherwise stated)

## Auditors' Report on the Consolidated Financial Statements Of Usha Martin Limited

### THE BOARD OF DIRECTORS OF USHA MARTIN LIMITED

1. We have audited the attached Consolidated Balance Sheet of Usha Martin Limited (the "Company") and its subsidiaries and jointly controlled entities; hereinafter referred to as the "Group" (refer Note [2] to the attached consolidated financial statements) as at 31 March 2012, the related Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of eight subsidiaries and four jointly controlled entities included in the consolidated financial statements, which constitute total assets of Rs. 91,286 lakhs and net assets of Rs. 63,396 lakhs as at 31 March 2012, total revenue of Rs. 91,914 lakhs, net profit of Rs. 3,953 lakhs and net cash flows amounting to Rs. 7,434 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached 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 31 March 2012;
  - (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 PRICE WATERHOUSE**

Firm Registration Number: 301112E  
*Chartered Accountants*

**(P. Law)**

*Partner*

Membership No. 51790

Kolkata  
10th May, 2012

## Consolidated Balance Sheet of Usha Martin Limited and its Subsidiaries

as at 31st March, 2012

(All amounts in Rs. Lakhs, unless otherwise stated)

	Note No.	As at 31st March, 2012	As at 31st March, 2011
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	3,054	3,054
Reserves and Surplus	4	179,974	175,380
		<b>183,028</b>	<b>178,434</b>
<b>Minority Interest</b>		<b>2,150</b>	<b>1,749</b>
<b>Non-current Liabilities</b>			
Long-term Borrowings	5	200,947	135,795
Deferred Tax Liabilities (Net)	6	21,228	22,377
Other Long-term Liabilities	7	41,158	16,377
Long-term Provisions	8	3,241	2,978
		<b>266,574</b>	<b>177,527</b>
<b>Current Liabilities</b>			
Short-term Borrowings	9	29,417	23,627
Trade Payables	10	146,105	106,020
Other Current Liabilities	11	41,201	60,797
Short-term Provisions	12	701	5,485
		<b>217,424</b>	<b>195,929</b>
<b>TOTAL</b>		<b>669,176</b>	<b>553,639</b>
<b>Assets</b>			
<b>Non-current Assets</b>			
Fixed Assets			
Tangible Assets	13A	315,826	299,500
Intangible Assets	13B	5,896	5,673
Capital Work-in-progress	13C	77,151	38,864
Non-current Investments	14	38	38
Long-term Loans and Advances	15	20,392	15,028
Other Non-current Assets	16	2,026	1,169
Deferred Tax Assets (Net)	17	89	8
		<b>421,418</b>	<b>360,280</b>
<b>Current Assets</b>			
Inventories	18	148,193	119,383
Trade Receivables	19	42,761	44,153
Cash and Bank Balances	20	36,224	14,770
Short-term Loans and Advances	21	14,958	12,773
Other Current Assets	22	5,622	2,280
		<b>247,758</b>	<b>193,359</b>
<b>TOTAL</b>		<b>669,176</b>	<b>553,639</b>

This is the Balance Sheet referred to in our report of even date.

The notes are an integral part of the financial statements.

For PRICE WATERHOUSE  
Firm Registration Number : 301112E  
Chartered Accountants

P. Jhavar  
Chairman

(P. Law)  
Partner  
Membership No. 51790

R. Jhavar  
Managing Director

A. K. Somani  
Company Secretary

Kolkata  
10th May, 2012

# Consolidated Statement of Profit and Loss of Usha Martin Limited and its Subsidiaries for the year ended 31st March 2012

(All amounts in Rs. Lakhs, unless otherwise stated)

	Note No	Year ended 2011-12	Year ended 2010-11
<b>Income</b>			
Sale of Products		351,964	317,958
Sale of Services		1,599	314
Other Operating Revenue		7,911	8,370
Revenue from Operations (Gross)		361,474	326,642
Less: Excise Duty		25,392	22,183
Revenue from Operations (Net)		336,082	304,459
Other Income	25	6,394	4,302
<b>Total Revenue</b>		<b>342,476</b>	<b>308,761</b>
<b>Expenses</b>			
Cost of Materials Consumed	26	158,644	133,148
Purchases of Stock-in-trade		508	387
Changes in inventories of Finished Goods, Work-in-progress, Stock-in-trade and Scrap	27	(24,474)	(15,296)
Employees Benefits Expense	28	23,841	21,409
Finance Costs	29	26,365	19,000
Depreciation and Amortisation Expense	30	22,271	20,096
Other Expenses	31	134,711	110,049
Adjustment for Items Capitalised and Departmental Orders for own consumption		(530)	(439)
<b>Total Expenses</b>		<b>341,336</b>	<b>288,354</b>
Profit before Exceptional and Extraordinary items, Tax and Minority Interest		1,140	20,407
Exceptional items		-	-
Profit before Extraordinary items, Tax and Minority Interest		1,140	20,407
Extraordinary items		-	-
<b>Profit before Tax and Minority Interest</b>		<b>1,140</b>	<b>20,407</b>
Tax Expenses			
Current Tax		1,747	4,729
Less: MAT Credit Entitlement		-	(2,850)
Deferred Tax Charge / (Credit)		(1,269)	4,525
<b>Profit for the period before Minority Interest</b>		<b>662</b>	<b>14,003</b>
Minority Interest		301	300
<b>Profit for the period</b>		<b>361</b>	<b>13,703</b>
Earning per Equity Share [Nominal Value per Share Re.1/- (31st March 2011: Re.1/-)]	33		
Basic		0.12	4.50
Diluted		0.12	4.50

This is the Statement of Profit and Loss referred to in our report of even date.

The notes are an integral part of the financial statements.

**For PRICE WATERHOUSE**

Firm Registration Number : 301112E  
Chartered Accountants

**(P. Law)**

Partner  
Membership No. 51790

Kolkata  
10th May, 2012

**P. Jhwar**  
Chairman

**R. Jhwar**  
Managing Director

**A. K. Somani**  
Company Secretary

# Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

## 1. Summary of significant accounting policies

### 1.1 Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis except for certain tangible assets which are being considered at revalued amounts and also to comply in all material aspects, with the applicable accounting standards notified under Section 211 (3C) of the Companies Act, 1956 (the Act).

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria set out in the revised Schedule VI to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of classification of current and non-current assets and liabilities.

### 1.2 Change in accounting policy

**Exchange Differences :** The Group has opted to avail the choice provided under paragraph 46A of Accounting Standard (AS) 11 - "The Effects of Changes in Foreign Exchange Rates", inserted vide Notification dated December 29, 2011. Consequently, the following exchange differences on long term foreign currency monetary items, which were until now being recognised in the Statement of Profit and Loss are now being dealt with in the following manner:

- Foreign exchange difference on account of a depreciable asset, is adjusted in the cost of depreciable asset, which would be depreciated over the balance life of the asset.
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account (FCMITDA), and amortised over the balance period of such long term asset/liability.

As a result of change in accounting as aforesaid, the year-end carrying amount of Tangible Assets and Capital Work-in-progress of the Group is higher by Rs.5,755 and Rs.7,891 respectively and the net unamortised FCMITDA balance (debit) as at the year-end is Rs. 67 with corresponding favourable impact of Rs.13,713 on the Profit for the year.

### 1.3 Fixed Assets

#### (a) Tangible Assets

Tangible Assets are stated at cost or revalued amount net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises cost of acquisition, construction and subsequent improvements thereto including taxes and duties (net of credits and draw backs), freight and other incidental expenses related to acquisition and installation. Preoperative expenses, where appropriate, are capitalised till the commercial use of the assets.

#### (b) Intangible Assets

Intangible Assets are stated at cost of acquisition net of accumulated amortisation and accumulated impairment losses if any. Cost comprises cost of acquisition and subsequent improvements thereto including taxes and duties (net of other incidental expenses etc.) related to acquisition and installation.

#### (c) Capital Work-in-progress

Capital Work-in-progress are stated at cost and inclusive of preoperative expenses, project development expenses etc.

### 1.4 Depreciation and Amortisation

(a) Depreciation (including amortisation) is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956 other than the following :

- Certain items of Plant and Machinery - 20%
- Computer Softwares - 20% - 50%

In respect of assets existing as on 16th December, 1993, the specified period has been recomputed in terms of the Notification No. GSR 756E dated 16th December, 1993 read with Circular No.14/93 dated 20th December, 1993 with respect to revised rates and depreciation has been provided by allocating net book value of fixed assets as at the beginning of the year over the remaining recomputed lives of respective assets.

- Leasehold Land is amortised over the tenure of respective leases.
- Mining Lease and Development is amortised over the tenure of lease or estimated useful life of the mine, whichever is shorter.
- In case of certain subsidiaries and a joint venture company, depreciation is provided under "Reducing Balance Method" and/or "Straight Line Method" at the following rates which are different from those applied by the Parent Company:

Class of Assets	Reducing Balance Method	Straight Line Method
Land and Site Development - Leasehold		20%
Buildings		2% - 5%, 10%
Plant and Machinery		7% - 10%, 20%
Furniture and Fitting	10% - 25%	10%, 15%, 25%
Office Equipment	10% - 25%	10% - 12.5%, 25%, 100%
Vehicles	25.89%	10% - 25%
Aircraft	16.20%	
Computer	40%	

### 1.5 Borrowing Cost

Borrowing Cost attributable to the acquisition and construction of qualifying assets are added to the cost up to the date when such assets are ready for their intended use. Other borrowing costs are recognised as expenses in the period in which these are incurred.

### 1.6 Impairment Loss

An impairment loss, if any, is recognised wherever the carrying amount of the fixed assets exceeds the recoverable amount i.e. the higher of the assets' net selling price and value in use.

### 1.7 Investments

Investments which are expected to be liquidated within one year are classified as current investments and are valued at lower of cost and net realisable value. All other investments are classified as long term investments and are stated at cost. However diminution in carrying amount, other than temporary,



is either written down or provided for and netted off against the cost.

### 1.8 Inventories

Inventories other than scrap are valued at lower of cost and estimated net realisable value. Cost is determined on Weighted Average basis other than in case of two foreign subsidiaries which follow specific identification method for determining cost. Scrap is valued at estimated net realisable value.

### 1.9 Transactions in Foreign Currencies

#### Initial Recognition

On initial recognition, all foreign currencies transactions are recorded at exchange rates prevailing on the date of the transaction.

#### Subsequent Recognition

At the reporting date, foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of transactions.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. With respect to long-term foreign currency monetary items, from April 1, 2011 onwards, the Group has adopted the following policy:

- (a) Foreign exchange difference on account of a depreciable asset, is adjusted in the cost of depreciable asset, which would be depreciated over the balance life of the asset.
- (b) In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/liability.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability. Refer Note 1.2 for the effect of change in accounting policy.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

### 1.10 Derivative Instruments and Hedge Accounting

The Group uses derivative financial instruments such as foreign exchange contracts, currency swaps, option contracts, interest rate swaps etc. to hedge its exposure to movements in foreign exchange rates and interest rates relating to the underlying transactions, highly probable forecast transactions and firm commitments.

Effective April 1, 2009 the Group adopted Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India to the extent the adoption does not contradict with existing Accounting Standards and other authoritative pronouncements of the Companies Act, 1956 of India and other regulatory requirements.

For option contracts and interest rate swaps that are designated as effective cash flow hedges, the gain or loss from the effective portion of the hedge is recorded and reported directly in reserves (under the "Hedging Reserve Account") and are reclassified into the Statement of Profit and Loss upon the occurrence of the

hedged transactions.

The Group recognises gains or losses from changes in fair values of option contracts and interest rate swaps that are not designated as cash flow hedges in the Statement of Profit and Loss in the period in which they arise. In respect of forward exchange contracts with underlying transactions, the premium or discount arising at the inception of such contract is amortised as expenses or accounted for as income over the life of contracts.

Other Derivative contracts outstanding at the Balance Sheet date are marked to market and resulting net loss, if any, is provided for in the financial statements.

Any profit or loss arising on cancellation of derivative instruments are recognised as income or expenses for the period.

### 1.11 Revenue Recognition

**Sale of Goods:** Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts, rebates, sales taxes but including excise duties.

**Sale of Services:** Sales are recognised upon the rendering of services and are recognised net of service tax.

Other items are recognised on accrual basis.

### 1.12 Other Income

**Interest:** Interest income is generally recognised on a time proportion basis taking into account the amount outstanding and the rate applicable, when there is reasonable certainty as to realisation.

**Dividend:** Dividend income is recognised when the right to receive dividend is established.

All other items are recognised on accrual basis.

### 1.13 Employees Benefits

#### (a) Short -term Employee Benefits :

The undiscounted amount of Short-term Employee Benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

#### (b) Post Employment Benefit Plans :

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the year.

For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method (PUCM), with actuarial valuations being carried out at each Balance sheet date. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets where such plans are funded. Measurement of any assets resulting from this calculation is

limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the scheme.

**(c) Other Long-term Employment Benefits (unfunded)**

The cost of providing long-term employee benefits is determined using PUCM with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Statement of Profit and Loss for the period in which they occur. Other long term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

**1.14 Research and Development expenditure**

Revenue expenditure on Research and Development (R&D) is charged in the year in which it is incurred. Capital Expenditure for R & D are capitalised.

**1.15 Government Grants**

- (a) Government grants of the nature of promoters' contribution are credited to Capital Reserve.
- (b) Government grants related to specific fixed assets are deducted from gross values of related assets in arriving at their book values.
- (c) Government grants related to revenue are recognised on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with their related costs.

**1.16 Taxation**

Current Tax in respect of taxable income is provided for the year based on applicable tax rates and laws. Deferred tax is recognised subject to the consideration of prudence in respect of deferred tax assets, 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 and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisation.

Current tax assets and current tax liabilities are offset when there is legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets and liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax Credit is recognised as an asset only when and to the extent there is convincing evidence that the respective entity of the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the respective entity of the Group will pay normal income tax during the specified period.

**1.17 Provision and contingent liabilities**

The Group recognises a provision when there is a present obligation as a result of a past event that probably requires an

outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or there is a present obligation, reliable estimate of the amount of which cannot be made. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

**1.18 Leases**

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statements of Profit and loss on a straight-line basis over the period of lease.

**1.19 Segment Reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Further, inter-segment revenue have been accounted for based on prices normally negotiated between the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for the Group. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included under "Corporate-Unallocated/Others (Net)".

**1.20 Cash and Cash Equivalents**

In the Cash Flow Statement, cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments, if any, with original maturities of three months or less.

**1.21 Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Group's earnings per share is the net profit or loss for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**1.22 Consolidation**

- (i) Consolidated Financial Statements relate to Usha Martin Limited, the Parent Company and its subsidiaries (the Group). The Consolidated Financial Statements are in conformity with the Accounting Standard (AS) - 21 on Consolidated Financial Statements, prescribed under the Act and are prepared as set out below :

- (a) The financial statements of the Parent Company and its

# Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

## Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

subsidiaries have been combined on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses, after adjustments / elimination of inter-company balances and transactions including unrealised profits on inventories etc.

- (b) The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances in all material respect and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.
- (c) The excess of cost to the Parent Company of its investment in the subsidiaries over the Parent's portion of equity of the subsidiaries at the dates they became subsidiaries is recognised in the financial statements as goodwill.
- (d) Minority interest in the consolidated financial statements is identified and recognised after taking into consideration :
- The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.
  - The minorities' share of movement in equity since the date parent - subsidiary relationship came into existence.
- (e) -Adjustment of the losses attributable to the minorities against the minority interest in the equity of the subsidiaries and thereafter adjustment of the excess of loss, if any, over the minority interest in the equity against the majority interest.
- (e) The results of operations of subsidiary with which parent-subsidiary relationship ceases to exist are included in the consolidated financial statements until the date of cessation of the relationship.
- (f) The translation of the functional currencies into Indian Rupees (reporting currency) is performed for equity in the foreign subsidiaries, assets and liabilities using the closing exchange rates at the balance sheet date, for revenues, costs and expenses using average exchange rates prevailing during the year. The resultant exchange difference arising out of such transactions is recognised as part of equity (Foreign Currency Translation Adjustment Account) by the Parent Company until the disposal of investment.
- (ii) Investments in Joint Ventures (i.e. jointly controlled entities) are accounted in accordance with AS-27 on Financial Reporting of Interest in Joint Ventures, prescribed under the Act, using proportionate consolidation principles based on the financial statements of the respective entities.
2. (a) The Consolidated Financial Statements comprise the financial statements of the Parent Company and its subsidiary and joint venture companies as detailed below :

	Name of the Company	Country of Incorporation	Proportionate Ownership Interest	
			As at 31st March, 2012	As at 31st March, 2011
(i)	<b>Subsidiary</b>			
	<b>Domestic:</b>			
	UM Cables Limited	India	100%	100%
	Usha Martin Power and Resources Limited	India	99.88%	99.88%
	Bharat Minex Private Limited (BMPL)	India	100%	100%
	<b>Overseas:</b>			
	Usha Martin International Limited	United Kingdom	100%	100%
	Usha Martin UK Limited	United Kingdom	100%	100%
	European Management and Marine Corporation Limited	United Kingdom	100%	100%
	EMM Caspian Limited	United Kingdom	100%	100%
	Brunton Shaw UK Limited	United Kingdom	100%	100%
	De Ruiter Staalkabel B.V.	Netherlands	100%	100%
	Brunton Wolf Wire Ropes FZCO.	United Arab Emirates, Dubai	60%	60%
	Usha Martin Americas Inc.	United States of America	100%	100%
	Usha Siam Steel Industries Public Company Limited	Thailand	97.98%	97.98%
	Usha Martin Singapore Pte. Limited	Singapore	100%	100%
	Usha Martin Australia Pty Limited	Australia	100%	100%
	Usha Martin Vietnam Company Limited	Vietnam	100%	100%
	PT Usha Martin Indonesia	Indonesia	100%	100%
(ii)	<b>Joint Venture Company</b>			
	Gustav Wolf Speciality Cords Limited (GWSCL)	India	49%	49%
	Pengg Usha Martin Wires Private Limited (PUMWPL)	India	40%	40%
	CCL Usha Martin Stressing System Limited (CCLUMSSL)	India	49.99%	49.99%
	Dove Airlines Private Limited (DAPL) [Note (b) below]	India	50%	50%

- (b) The accounts of UMICOR Africa (Pty) Limited (UMICOR), a wholly owned subsidiary has been excluded for consolidation since it has gone into liquidation and placed under final winding up vide Order dated 30th July, 2008 of the High Court of South Africa (Witwatersrand Local Division) and according to the management the control is intended to be temporary.

## Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

3. Share Capital		
	As at 31st March, 2012	As at 31st March, 2011
<b>Authorised:</b>		
50,00,00,000 (31st March, 2011 : 50,00,00,000) Equity Shares of Re 1/- each	5,000	5,000
1,00,00,000 (31st March, 2011 : 1,00,00,000) Redeemable Cumulative Preference Shares of Rs.50/- each	5,000	5,000
<b>Total</b>	<b>10,000</b>	<b>10,000</b>
<b>Issued Subscribed and Paid-up:</b>		
30,47,41,780 (31st March, 2011 : 30,47,41,780) Equity Shares of Re. 1/- each fully paid up	3,047	3,047
Add: Shares Forfeited	7	7
<b>Total</b>	<b>3,054</b>	<b>3,054</b>

4. Reserves and Surplus		
	As at 31st March, 2012	As at 31st March, 2011
<b>Capital Reserve</b>	<b>3,721</b>	<b>3,721</b>
<b>Capital Redemption Reserve</b>	<b>3,731</b>	<b>3,731</b>
<b>Securities Premium Reserve</b>	<b>85,593</b>	<b>85,593</b>
<b>Revaluation Reserve [Refer (a) below]</b>		
Balance as at the beginning of the year	3,208	3,858
Less: Transferred during the year [Note (b) below]	869	650
<b>Balance as at the end of the year</b>	<b>2,339</b>	<b>3,208</b>
<b>Foreign Currency Translation Adjustments Account [Refer Note 1.22 (i) (f)]</b>		
Balance as at the beginning of the year	(2,010)	(2,865)
Addition during the year	4,385	855
<b>Balance as at the end of the year</b>	<b>2,375</b>	<b>(2,010)</b>
<b>General Reserve [Refer (c) below]</b>		
Balance as at the beginning of the year	56,605	51,604
Add: Transferred from Surplus in Statement of Profit and Loss during the year	-	5,001
<b>Balance as at the end of the year</b>	<b>56,605</b>	<b>56,605</b>
<b>Hedging Reserve Account (Refer Note 1.10)</b>		
Balance as at the beginning of the year	(1,854)	(1,158)
Add: Additions during the year	1,400	121
Less : Transfer during the year	674	817
<b>Balance as at the end of the year</b>	<b>(1,128)</b>	<b>(1,854)</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	26,386	21,214
Profit for the year	361	13,703
Less : Appropriations		
Proposed dividend on Equity Shares for the year	-	3,047
Dividend distribution tax on proposed dividend on [Refer (d) below]	9	483
Transfer to General Reserve	-	5,001
<b>Balance as at the end of the year</b>	<b>26,738</b>	<b>26,386</b>
<b>Total</b>	<b>179,974</b>	<b>175,380</b>

(a) Relates to revaluation of certain Tangible Assets as mentioned in Note 40; (b) Comprises withdrawals of Rs.888 on account of depreciation on the amount added on revaluation (Refer Note 40) and Rs.19 on adjustment against Minority Interest; (c) Represents a free reserve not held for any specific purpose; (d) Includes Rs.9 [31st March, 2011 : Rs.10] on account of Tax on dividend proposed by a wholly owned subsidiary on its Preference Shares.

5. Long-term Borrowings		
	As at 31st March, 2012	As at 31st March, 2011
<b>Secured:</b>		
<b>Term Loans</b>		
From Financial Institution (Rupee Loans)	45,000	25,000
<b>From Banks</b>		
Rupee Loans	58,420	54,364
Other than Rupee Loans	96,451	55,345
Corporate Body (Rupee Loan)	-	107
Finance Lease Obligation	4	8
<b>Unsecured:</b>		
<b>Term Loans</b>		
From Financial Institution (Other than Rupee Loan)	11	14
Deferred Payment Liabilities	1,059	949
Finance Lease Obligation	2	8
<b>Total</b>	<b>200,947</b>	<b>135,795</b>

Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries  
Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

6. Deferred Tax Liabilities (Net)			
		As at 31st March, 2012	As at 31st March, 2011
Deferred Tax Liabilities			
Depreciation as per tax law and books		29,503	26,268
Exchange gain pertaining to fixed assets as per tax law and books		1,011	252
<b>Total</b>	<b>(A)</b>	<b>30,514</b>	<b>26,520</b>
Deferred Tax Assets			
Unabsorbed tax depreciation/loss @		8,148	3,228
Disallowances allowance for tax purpose on payment		710	378
Provision for doubtful debts and advances		423	521
Deferred Revenue Expenditure		5	10
Others		-	6
<b>Total</b>	<b>(B)</b>	<b>9,286</b>	<b>4,143</b>
<b>Net Deferred Tax Liabilities</b>	<b>(A) - (B)</b>	<b>21,228</b>	<b>22,377</b>
@ Absorption expected based on future Taxable Income.			
Deferred Tax charge/(credit) for the year includes exchange loss of Rs.45 (31st March, 2011 : Rs.5) on account of re-instatement of year-end deferred tax assets and liabilities.			

7. Other Long-term Liabilities			
		As at 31st March, 2012	As at 31st March, 2011
Trade Payables		24	20
Others			
Capital Liabilities (Acceptances)		38,380	11,755
Derivative Liabilities		2,607	4,445
Foreign Currency Monetary Translation Difference Account		28	-
Security Deposits Received		119	157
<b>Total</b>		<b>41,158</b>	<b>16,377</b>

8. Long-term Provisions			
		As at 31st March, 2012	As at 31st March, 2011
Provision for Employees Benefits		1,472	1,297
Others Provisions			
Provision for Restoration of Mines Sites [Refer (a) below]		1,035	1,038
Provision for Demolition and Erection of Building Costs and Others [Refer (b) below]		734	643
<b>Total</b>		<b>3,241</b>	<b>2,978</b>
<b>(a) Movement of Provision for Restoration of Mine Sites</b>			
Balance as at the beginning of the year		1,038	1,061
Additions		-	-
Amounts used		4	23
<b>Balance as at the end of the year</b>		<b>1,034</b>	<b>1,038</b>
Provision for Restoration of Mines Sites is held for the purpose of meeting site restoration obligation pursuant to Rule 23 under Mineral Conservation and Development (Amendment Rules, 2003) read with Section 18 of the Mines and Minerals (Development and Regulation) Act, 1957.			
<b>(b) Movement of Provision for Demolition and Erection of Building Costs</b>			
Balance as at the beginning of the year		643	648
Additions		-	-
Amounts used		-	-
Exchange Loss/(Gain)		91	(5)
<b>Balance as at the end of the year</b>		<b>734</b>	<b>643</b>
Represents provision for estimated costs of dismantle, removal or restoration of Building arising from the acquisition or use of such asset, which was capitalized and included in the cost.			

## Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

9. Short-term Borrowings		
	As at 31st March, 2012	As at 31st March, 2011
<b>Secured:</b>		
Vehicle Loans from Banks	1	3
Working Capital Loans from Banks	29,335	23,342
<b>Unsecured:</b>		
Deposits	1	1
Loans from Corporate Bodies		
Rupee Loans	-	201
Other than Rupee Loans	80	80
<b>Total</b>	<b>29,417</b>	<b>23,627</b>

10. Trade Payables		
	As at 31st March, 2012	As at 31st March, 2011
<b>Acceptances</b>	120,263	82,771
Others	25,842	23,249
<b>Total</b>	<b>146,105</b>	<b>106,020</b>

11. Other Current Liabilities		
	As at 31st March, 2012	As at 31st March, 2011
Current maturities of long-term debt (Refer Note 5)	24,418	16,166
Current maturities of finance lease obligations	13	12
Interest accrued but not due on borrowings	1,192	1,073
Interest accrued and due on borrowings	1	17
Interest accrued on Trade payables and others	836	153
Unclaimed Dividend	69	57
Unclaimed Matured Fixed Deposits	4	8
Unclaimed Interest on above	2	4
Advances from Customers	1,797	1,404
Derivative Liabilities	445	350
Capital Liabilities [including Acceptances Rs.228 (31st March, 2011 : Rs. 28,204)]	4,770	34,693
Security Deposits Received	152	175
Employees Benefits payable	1,902	2,525
Statutory dues (including Provident Fund, Tax deducted at Source, etc.)	4,243	2,876
Other Payables	1,357	1,284
<b>Total</b>	<b>41,201</b>	<b>60,797</b>

12. Short-term Provisions		
	As at 31st March, 2012	As at 31st March, 2011
Provision for Employees Benefits	675	494
Provision for Income Tax [Provision for Income tax Rs.18,933 (31st March, 2011 : Rs.22,754) netted off against Advance Income tax to the extent of Rs.18,933 (31st March, 2011 : Rs.21,315)]	-	1,439
Provision for Fringe Benefit Tax [Net of advance tax Rs. 335 (31st March, 2011: Rs. 335)]	2	2
Provision for Wealth Tax	15	18
Provision for Proposed Dividend on Equity Shares	-	3,047
Provision for Dividend distribution Tax	9	485
<b>Total</b>	<b>701</b>	<b>5,485</b>

# Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

## 1.3A. Tangible Assets

	Gross Block at Cost / Valuation				Depreciation / Amortisation			Impairment Loss			Net Block		
	As on 31st March 2011	Additions during the year	Disposal/ Adjustments during the year (Refer (b) below)	Other Adjustments (Refer (c) below)	As on 31st March 2012	For the year	On Disposal/ Adjustments during the year (Refer (d) below)	Total up to 31st March 2012	As on 31st March 2011	During the year (Refer (i) below)	On Items Sold/ Adjustments during the year (Refer (e) below)	As on 31st March 2012	As on 31st March 2011
Land and Site Development													
Freehold	10,755	1,038	341	-	11,452	-	-	-	-	-	-	11,452	10,755
Leasehold	1,964	10	-	-	1,974	19	178	178	-	-	-	1,796	1,805
Mining Lease and Development (Refer (g) below)	10,590	-	-	-	10,590	2,287	950	3,237	-	-	-	7,353	8,303
Buildings (Refer (h) below)	40,791	5,789	(1,432)	18	48,030	1,424	(341)	12,556	6	-	1	35,467	29,994
Plant and Equipments													
Own	335,805	22,388	(2,710)	6,332	367,235	18,680	(1,803)	128,730	1,533	31	14	236,927	226,025
On Finance Lease (Refer (i) below)	24	-	(3)	-	27	1	2	3	-	-	-	24	23
Aircraft	1,353	-	-	-	1,353	669	111	780	-	-	-	573	684
Railway Sidings	2,667	-	-	-	2,667	527	127	654	-	-	-	2,013	2,140
Electrical Installation	22,824	1,353	*	4	24,181	5,727	1,376	7,103	-	-	-	17,078	17,097
Water Treatment and Supply Plant	1,579	359	*	-	1,938	869	58	927	-	-	-	1,011	710
Office Equipment	1,533	68	(52)	-	1,653	955	97	1,095	-	-	-	558	578
Furniture and Fixtures	1,306	81	22	-	1,365	681	102	743	-	-	-	622	625
Vehicles													
Own	1,473	423	201	-	1,695	729	176	755	-	-	-	940	744
On Finance Lease (Refer (i) below)	41	-	12	-	29	24	7	17	-	-	-	12	17
31st March 2011	432,705	31,509	(3,621)	6,354	474,189	23,129	(1,983)	156,778	1,539	31	15	315,826	299,500
	363,647	64,914	(539)	3,605	432,705	20,664	(54)	131,666	1,537	-	(2)	299,500	299,500

\* Amount is below the rounding off norm adopted by the Group.

Land and Buildings include Rs. 238 (31st March, 2011 : Rs. 1,011) in respect of which Deed of Conveyance, Registration and other formalities are yet to be completed.

(b) Net of Rs.4,849 (Net) (31st March, 2011 : Rs.1,484 (Net)) on account of foreign exchange translation adjustment.

(c) Other adjustments include adjustments on account of Borrowing Costs of Rs.481 (31st March, 2011 : Rs. 3,605) and Exchange Loss of Rs.5,873 (31st March, 2011 : Rs. Nil).

(d) Net of Rs.2,383 (Net) (31st March, 2011 : Rs.783 (Net)) on account of foreign exchange translation adjustment.

(e) Includes foreign exchange adjustment Rs.15 (31st March, 2011 : Rs.7).

(f) The year end gross block includes the following assets which are stated at valuation as indicated in Note 40 below.

Assets	As on 31st March, 2012			As on 31st March, 2011		
	Rupees	Thai Baht	Rupees	Great Britain Pound	Total Rupees	Total Rupees
Land and Site Development	2,124	1,291	-	-	2,124	1,905
Buildings	2,645	1,608	899	11	3,544	3,162
Plant and Machinery	16,759	10,188	-	-	16,759	15,027
	21,528	13,087	899	11	22,427	19,303
						791
						11
						20,094

## Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

(g) Gross Block includes Rs.1,061 [31st March, 2011 : Rs.1,061] on account of provision for meeting mine sites restoration obligation as referred to in Note 8 (a), which was created in earlier years. The depreciation for the current year includes Rs.161 [31st March, 2011 : Rs.179] on account of amortisation of the same.

(h) Gross Block includes Rs.734 [United States Dollar 14 lakhs] [31st March, 2011 : Rs.643 (United States Dollar 14 lakhs)] on account of provision for meeting the cost of dismantle, removal or restoration as referred to in Note 8 (b), which was created in earlier years. The depreciation for the current year includes Rs.24 [United States Dollar 0.50 lakhs] [31st March, 2011 : Rs.23 (United States Dollar 0.50 lakhs)] on account of amortisation of the same.

(i) Obligation under Finance Lease : @

The Group has acquired certain fixed assets under finance lease arrangements. Minimum Lease Payments outstanding as at 31st March, 2012 and other particulars in respect of leased assets are as under:

	31st March, 2012			31st March, 2011		
	Total minimum lease payments outstanding	Interest	Present value of minimum lease payments	Total minimum lease payments outstanding	Interest	Present value of minimum lease payments
Within One year	15	2	13	14	2	12
Later than one year and not later than five years	7	1	6	18	2	16
Later than five years	-	-	-	-	-	-
<b>Total</b>	<b>22</b>	<b>3</b>	<b>19</b>	<b>32</b>	<b>4</b>	<b>28</b>

@ Included in Notes 5 and 11

(j) Refer Note 41.

### 13B. Intangible Assets

	Gross Block at Cost / Valuation			Amortisation			Impairment Loss			Net Block	
	As on 31st March 2011	Additions during the year	Disposal/ Adjustments during the year (Refer (a) below)	Other Adjustments	As on 31st March 2012	As on 31st March 2011	For the year	On Disposal/ Adjustments during the year [Refer (b) below]	Total up to 31st March 2012	As on 31st March 2011	As on 31st March 2012
Goodwill											
Arising on Consolidation	5,634	-	-	-	5,634	-	-	-	-	103	5,531
Others	312	-	(24)	-	336	312	-	(24)	336	-	-
Computer Softwares (Acquired)	753	237	(2)	-	992	717	28	(1)	746	-	246
Trade Marks	103	-	(15)	-	118	-	-	-	68	-	118
Technical Know-how	69	-	-	-	69	66	2	-	68	-	1
	<b>6,871</b>	<b>237</b>	<b>(41)</b>	<b>-</b>	<b>7,149</b>	<b>1,095</b>	<b>30</b>	<b>(25)</b>	<b>1,150</b>	<b>103</b>	<b>5,896</b>
31st March 2011	6,854	10	(7)	-	6,871	994	95	(6)	1,095	103	5,673

(a) Net of Rs.41 (Net) [31st March, 2011:Rs.9 (Net)] on account of foreign exchange translation adjustment.

(b) Net of Rs.26 (Net) [31st March, 2011:Rs.6 (Net)] on account of foreign exchange translation adjustment.

### 13C. Capital Work-in-progress @

	<b>77,151</b>	<b>38,864</b>
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@ Capital work-in-progress includes Project Development Expenses Rs. 774 (31st March 2011:Rs.466) , Borrowing Costs Rs.1,340 (31st March, 2011:Rs.586) and Exchange Loss Rs.7,891 (31st March, 2011:Rs. Nil).



# Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

14. Non-current Investments (At Cost or Under)		
	As at 31st March, 2012	As at 31st March, 2011
<b>Long-term - Unquoted (valued at Cost unless stated otherwise)</b>		
<b>Investments in Equity Instruments :</b>		
<b>Investments in a Subsidiary Company :</b>		
UMICOR Africa (Proprietary) Limited [under liquidation; Refer 2 (b)]		
30,44,451 (31st March, 2011 : 30,44,451) Ordinary Shares of Rand 1 each fully paid	-	-
<b>Other Companies :</b>		
Adityapur Toll Bridge Company Limited		
1,00,000 (31st March, 2011 : 1,00,000) Equity Shares of Rs.10/- each fully paid	10	10
Usha Communications Technology Limited BVI		
1,21,10,242 (31st March, 2011 : 1,21,10,242) Ordinary Shares of USD 0.50 each fully paid	28	28
UMI Special Steel Limited (under liquidation)		
1,80,68,472 (31st March, 2011 : 1,80,68,472) Equity Shares of Rs.10/- each fully paid		
[At cost less write-down - Rs.327 (31st March, 2011 : Rs.327)]	*	*
<b>Total</b>	<b>38</b>	<b>38</b>

\* Amount is below the rounding off norm adopted by the Group.

15. Long-term Loans and Advances		
	As at 31st March, 2012	As at 31st March, 2011
Unsecured Considered Good [unless otherwise stated]		
Capital Advances	12,553	7,187
Security Deposits	2,208	2,309
Loans and Advances to Employees		
Considered good	98	80
Considered doubtful	6	6
Less: Provision for doubtful advances	(6)	(6)
Other Loans and Advances		
Prepaid Expenses	7	7
Electricity Duty Receivable - Considered Doubtful	92	92
Less: Provision for doubtful Electricity Duty Receivable	(92)	(92)
Balances with Government Authorities	280	199
MAT Credit Entitlement	5,246	5,246
<b>Total</b>	<b>20,392</b>	<b>15,028</b>

16. Other Non-current Assets		
	As at 31st March, 2012	As at 31st March, 2011
Unsecured Considered Good (unless otherwise stated)		
Long term trade receivables	-	10
Others		
Long term deposits with banks with maturity period more than 12 months	5	12
Margin money deposit	-	*
Derivative Assets	2,021	1,147
<b>Total</b>	<b>2,026</b>	<b>1,169</b>

\* Amount is below the rounding off norm adopted by the Group.

## Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

17. Deferred Tax Assets (Net)			
		As at 31st March, 2012	As at 31st March, 2011
<b>Deferred Tax Assets</b>			
Provision for doubtful debts, advances and slow moving items and diminution in realisable value		86	2
Cost of goods sold tax adjustment		17	14
Alternative minimum tax credit carry forward		11	10
<b>Total</b>	<b>(A)</b>	<b>114</b>	<b>26</b>
<b>Deferred Tax Liabilities</b>			
Depreciation as per tax law and books		25	18
<b>Total</b>	<b>(B)</b>	<b>25</b>	<b>18</b>
<b>Net Deferred Tax Assets</b>	<b>(A) - (B)</b>	<b>89</b>	<b>8</b>
Deferred Tax charge/(credit) for the year includes exchange gain of Rs.6 (31st March, 2011:Rs. * ) on account of re-instatement of year-end deferred tax assets and liabilities.			
* Amount is below the rounding off norm adopted by the Group.			

18. Inventories			
		As at 31st March, 2012	As at 31st March, 2011
[ Refer Note 1.8 ]			
Raw Materials [includes in transit - Rs. 4,097 (31st March, 2011 : Rs.10,443)]		50,673	44,934
Less: Provision for slow moving items and diminution in realisable value in respect of Raw Materials		(101)	(91)
Work-in-progress		32,570	25,621
Finished Goods [includes in transit - Rs.2,478 (31st March, 2011 : Rs.1,577)]		56,249	38,517
Less: Provision for slow moving items and diminution in realisable value in respect of Finished Goods		(676)	(396)
Stock-in-trade (in respect of goods acquired for trading)		69	34
Stores and Spares Parts [includes in transit - Rs.163 (31st March, 2011 : Rs.2,079)]		6,676	7,942
Loose Tools		2,085	1,932
Scrap		648	890
<b>Total</b>		<b>148,193</b>	<b>119,383</b>

19. Trade Receivables			
		As at 31st March, 2012	As at 31st March, 2011
<b>Unsecured</b>			
Outstanding for a period exceeding six months from the date they became due for payment:			
Considered Good		594	478
Considered Doubtful		812	903
Less: Provision for Doubtful Debts		(812)	(903)
		594	478
<b>Others</b>			
Considered Good		42,167	43,675
Considered Doubtful		293	67
Less: Provision for Doubtful Debts		(293)	(67)
		42,167	43,675
<b>Total</b>		<b>42,761</b>	<b>44,153</b>

## Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

20. Cash and Bank Balances		
	As at 31st March, 2012	As at 31st March, 2011
Cash and Cash Equivalents		
Cash on hand	19	29
Cheques, Drafts on hand	281	1,571
Remittance in transit	158	1,409
Bank Balances		
On current accounts	9,139	2,352
Unpaid Dividend Accounts @	69	57
Demand deposits (less than 3 months maturity)	9,804	8,908
	19,470	14,326
Other Bank Balances		
Long-term deposits with maturity more than 3 months but less than 12 months	16,063	194
Margin money deposits less than 12 months	691	250
	16,754	444
<b>Total</b>	<b>36,224</b>	<b>14,770</b>

@ Earmarked for payment of unclaimed dividend.

21. Short-term Loans and Advances		
	As at 31st March, 2012	As at 31st March, 2011
Unsecured Considered Good (unless otherwise stated)		
Inter Corporate Loan	-	37
Advance Income Tax [Advance Tax Rs. 18,933 (31st March, 2011 : Rs. 21,315) netted off against Provision for tax to the extent Rs.18,534 (31st March, 2011 : Rs.21,315)]	399	-
Advances against procurement of goods, services etc.		
Considered good	5,079	4,475
Considered doubtful	385	482
Less: Provision for Doubtful Advances	(385)	(482)
Others Loans and Advances		
Deposits		
Considered good	353	153
Considered doubtful	15	15
Less: Provision for Doubtful Deposits	(15)	(15)
Prepaid Expenses	1,590	1,437
Balance with Government Authorities		
Considered good	7,450	6,552
Considered doubtful	2	2
Less: Provision for Doubtful Advances	(2)	(2)
Others Advances		
Considered Good	87	119
Considered Doubtful	3	3
Less: Provision for Doubtful Other Advances	(3)	(3)
<b>Total</b>	<b>14,958</b>	<b>12,773</b>

## Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

22. Other Current Assets		
	As at 31st March, 2012	As at 31st March, 2011
Unsecured Considered Good (unless otherwise stated)		
Interest accrued on deposits and others	1,550	81
Export Incentive Receivables		
Considered good	1,163	1,262
Considered doubtful	2	2
Less: Provision for doubtful advances	(2)	(2)
Claims Receivable		
Considered good	1,420	630
Considered doubtful	56	56
Less: Provision for doubtful advances	(56)	(56)
Derivative Assets	1,119	160
Other Recoverables	121	87
Unamortised Expenses:		
Premium on Forward Contracts	154	60
Foreign Currency Monetary Items Translation Difference Account	95	-
<b>Total</b>	<b>5,622</b>	<b>2,280</b>

23. Contingent Liabilities		
	As at 31st March, 2012	As at 31st March, 2011
A) Claims against the Company not acknowledged as debt		
Disputed Tax and Duty for which the Company has preferred appeal before appropriate authorities.		
Demand for Income Tax Matters	1,940	1,941
Demand for Sales Tax	465	84
Demand for Excise Duty and Service Tax	5,818	4,439
Demand for Customs Duty	575	616
Outstanding Labour Disputes	31	34
Disputed Electricity duty rebate matters which is subjudice	504	-
B) Bills discounted with Banks including against Letter of Credit	12,682	6,138

24. Commitments		
	As at 31st March, 2012	As at 31st March, 2011
<b>A) Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	34,190	43,999
<b>B) Other Commitments</b>		
The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfill quantified export in the next five years (31st March, 2011 : four years)	207,265	160,542
Outstanding Letter of Credit for materials yet to be received	9,301	-

# Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

25. Other Income		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Interest Income	199 @	252 @
Income from Current Investments-Dividend-Other Than Trade	20	62
Non Product Scrap Sales	363	353
Net Gain on foreign currency transaction and translations	-	1,318
Net Gain on Derivative Contracts	2,331	539
Provision for Doubtful Debts and Advances no longer required written back	251	786
Liabilities no longer required written back	689	732
Claims Received	2,336	85
Gain on Reversal of Impairment Loss	-	5
Miscellaneous Income	205	170
<b>Total</b>	<b>6,394</b>	<b>4,302</b>

@ Net of Rs. 2,940 (31st March, 2011:Rs.95) credited against interest capitalisation towards temporary investment of project borrowings.

26. Cost of Materials Consumed		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Opening Stock	44,934	31,758 @
Add: Purchases	164,383	146,324 @
	209,317	178,082
Deduct: Closing Stock	50,673	44,934 @
<b>Total</b>	<b>158,644</b>	<b>133,148</b>

@ Figures reclassified to align with presentation relating to Goods-in-Transit as per Revised Schedule VI to the Companies Act, 1956.

27. Change in Inventories of Finished Goods, Work-in-Progress, Stock-in-Trade and Scrap		
	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>(Increase)/Decrease in stocks:</b>		
<b>Finished Goods</b>		
Opening Stock	38,517	38,151
Deduct : Closing Stock	56,249	38,517
	(17,732)	(366)
<b>Work-in-Progress</b>		
Opening Stock	25,621	10,813
Deduct : Closing Stock	32,570	25,621
	(6,949)	(14,808)
<b>Stock-in-Trade</b>		
Opening Stock	34	41
Deduct : Closing Stock	69	34
	(35)	7
<b>Scrap</b>		
Opening Stock	890	761
Deduct : Closing Stock	648	890
	242	(129)
<b>(Increase) / Decrease in stocks</b>	<b>(24,474)</b>	<b>(15,296)</b>

28. Employees Benefits Expense		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Salaries, Wages and Bonus	20,363	18,262
Contribution to Provident and Other Funds	1,525	1,278
Workmen and Staff Welfare Expenses	1,953	1,869
<b>Total</b>	<b>23,841</b>	<b>21,409</b>

## Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year ended 31st March, 2012	Year ended 31st March, 2011
(a) Post Employment Defined Contribution Plans		
Amount recognised in the Statement of Profit and Loss		
(i) Provident Fund paid to the authorities @	79	61
(ii) Pension Fund paid to the authorities	450	399
(iii) Other Plan - Contribution paid to a Trust	219	176
	<b>748</b>	<b>636</b>

@ Contribution towards Provident Fund for certain employees is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contribution made on a monthly basis and recognised as expense in the Statement of Profit and Loss, indicated above.

### (b) Post Employment Defined Benefit Plans

#### I. Gratuity (Funded)

The Parent Company provides for gratuity, a defined benefit retirement plan covering its eligible employees. As per the scheme, the Gratuity Trust Funds managed by the Life Insurance Corporation of India (LIC) and other insurance companies make payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's eligible salary for specified number of days (ranging from fifteen days to one month) depending upon the tenure of service subject to a maximum limit of twenty months' salary. Vesting occurs upon completion of five years of service.

Further one Indian subsidiary also provides for gratuity, a defined benefit retirement plan covering its eligible employees. As per this scheme, the Gratuity Trust Fund managed by LIC, makes payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's eligible salary and the tenure of employment. Vesting occurs upon completion of five years of service.

Liabilities with regard to the aforesaid gratuity plans are determined by actuarial valuation as set out in Note 1.13 (b) above, based upon which, the respective entities make contributions to the employees' gratuity funds.

#### II. Gratuity (Unfunded)

An overseas subsidiary provides for gratuity, a defined benefit retirement plan, covering its eligible employees. Pursuant to the plan, gratuity benefit equivalent to eligible salary for specified number of days for each year of completed service is paid to respective employees upon retirement, death or cessation of service. Vesting generally occurs upon completion of five years of service.

A joint venture company provides for gratuity, a defined benefit retirement plan covering its eligible employees. As per the scheme, gratuity benefit equivalent to eligible salary for specified number of days (ranging from fifteen days to one month) depending upon the tenure of service subject to a maximum limit of twenty months' salary is paid to respective employees upon retirement, death or termination of employment. Vesting occurs upon completion of five years of service.

Liabilities with regard to the aforesaid unfunded gratuity plans are determined by actuarial valuation as set out in Note 1.13 (b) above.

#### III. Retirement Compensation (Unfunded)

An overseas subsidiary provides for retirement compensation, a defined benefit plan, covering its employees. Pursuant to the plan, retirement compensation is paid to employees based on last drawn salary and length of service upon retirement, death or resignation. Vesting occurs upon completion of 120 days of service. Liability with regard to the aforesaid plan is determined by actuarial valuation as set out in Note 1.13(b) above.

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(All amounts in Rs. Lakhs, unless otherwise stated)

The following Tables set forth the particulars in respect of the aforesaid Defined Benefit plans of the Group (including proportionate amount of a joint venture company).

Description	Year ended 31st March, 2012			Year ended 31st March, 2011		
	Gratuity (Funded)	Gratuity (Unfunded)	Retirement Compensation (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Retirement Compensation (Unfunded)
<b>(a) Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation</b>						
Present Value of Obligation at the beginning of the year	3,166	40	644	2,912	32	590
Actuarial adjustment/Plan Amendments to above	-	-	-	11	-	-
Current Service Cost	118	12	11	105	10	77
Interest Cost	254	3	5	236	3	52
Past Service Cost	(172)	-	-	-	-	-
Actuarial (Gains)/ Losses	419	6	(53)	181	(4)	(89)
Exchange Differences of Foreign Plans	-	6	71	-	*	34
Benefits Paid	(332)	(8)	(11)	(279)	(1)	(20)
<b>Present Value of Obligation at the end of the year</b>	<b>3,453</b>	<b>59</b>	<b>667</b>	<b>3,166</b>	<b>40</b>	<b>644</b>
<b>(b) Reconciliation of Opening and Closing balances of the Fair Value of Plan Assets</b>						
Fair Value of Plan Assets at the beginning of the year	2,863	Not applicable as the Scheme is unfunded	Not applicable as the Scheme is unfunded	2,450	Not applicable as the Scheme is unfunded	Not applicable as the Scheme is unfunded
Expected Return on Plan Assets	244			196		
Actuarial Gains/ (Losses)	10			28		
Contributions	152			468		
Benefits Paid	(332)			(279)		
<b>Fair Value of Plan Assets at the end of the year</b>	<b>2,937</b>			<b>2,863</b>		
<b>(c) Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets</b>						
Present Value of Obligation at the end of the year	3,453	59	667	3,166	40	644
Fair Value of Plan Assets at the end of the year	2,937	-	-	2,863	-	-
<b>Assets/(Liabilities) recognised in the Balance Sheet</b>	<b>(516)</b>	<b>(59)</b>	<b>(667)</b>	<b>(303)</b>	<b>(40)</b>	<b>(644)</b>
<b>(d) Expense recognised in the Statement of Profit and Loss</b>						
Current Service Cost	118	12	11	105	10	77
Interest Cost	254	3	5	236	3	52
Past Service Cost	(172)	-	-	-	-	-
Expected Return on Plan Assets	(244)	-	-	(196)	-	-
Actuarial (Gains)/ Losses	409	6	(53)	164	(4)	(89)
<b>Total Expense recognised</b>	<b>@ 365</b>	<b># 21</b>	<b># (37)</b>	<b>@ 309</b>	<b># 9</b>	<b># 40</b>
@ Recognised under Contribution to Provident and Other Funds						
# Recognised under Salaries, Wages and Bonus						
* Amount is below the rounding off norm adopted by the Group.						
<b>(e) Category of Plan Assets :</b>						
Fund with LIC	2,850	Not applicable as the Scheme is unfunded	Not applicable as the Scheme is unfunded	2,786	Not applicable as the Scheme is unfunded	Not applicable as the Scheme is unfunded
Fund with SBI Life Insurance	35			32		
Fund with HDFC Standard Life	34			31		
Others ( including bank balances)	18			14		
<b>Total</b>	<b>2,937</b>			<b>2,863</b>		
<b>(f) Actual Return on Plan Assets</b>	<b>254</b>			<b>224</b>		
<b>(g) Principal Actuarial Assumptions</b>						
Discount Rate	8.50%/8.75%	8.50%/8.75%	3.33%	8.35%/8.50%	8.00%	8.00%
Salary Escalation	5% / 6%	10% / 12%	3.00%	5% / 6%	10%/12%	3.00%
Expected Return on Asset	8.35%/8.50%	Not Applicable	Not Applicable	8.00%	Not Applicable	Not Applicable

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Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

(h) Other Disclosure (Amounts recognised in current year and previous four years)	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
<b>Gratuity (Funded)</b>					
Present Value of the Plan Obligation as at the end of the year	3,453	3,166	2,912	2,482	2,354
Fair Value of Plan Assets as at the end of the year	2,937	2,863	2,450	2,261	2,278
Surplus/(Deficit) as at the end of the year	(516)	(303)	(462)	(221)	(76)
Experience Adjustments on Plan Obligation [(Gain)/Loss]	420	179	401	189	(5)
Experience Adjustments on Plan Assets [Gain/(Loss)]	10	24	31	18	32
<b>Gratuity (Unfunded)</b>					
Present Value of the Plan Obligation as at the end of the year	59	40	32	26	10
Fair Value of Plan Assets as at the end of the year	-	-	-	-	-
Surplus/(Deficit) as at the end of the year	(59)	(40)	(32)	(26)	(10)
Experience Adjustments on Plan Obligation [(Gain)/Loss]	4	(3)	3	3	2
Experience Adjustments on Plan Assets [Gain/(Loss)]	-	-	-	-	-
<b>Retirement Compensation (Unfunded)</b>					
Present Value of the Plan Obligation as at the end of the year	667	644	590	588	505
Fair Value of Plan Assets as at the end of the year	-	-	-	-	-
Surplus/(Deficit) as at the end of the year	(667)	(644)	(590)	(588)	(505)
Experience Adjustments on Plan Obligation [(Gain)/Loss]	(100)	(90)	(83)	(88)	(61)
Experience Adjustments on Plan Assets [Gain/(Loss)]	-	-	-	-	-

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.

The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Company's policy for plan asset management and other relevant factors.

#### IV. Provident Fund

Provident Fund contributions in respect of employees [other than those covered in (a) above] are made to Trusts administered by the Parent Company and such Trusts invest funds following a pattern of investments prescribed by the Government. Both the employer and employee contribute to this Fund and such contributions together with interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefit vests immediately on rendering of services by the employee. The interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Parent Company. In terms of the Guidance on implementing Accounting Standard (AS) 15 on Employee Benefits issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, a provident fund set up by the Company is treated as a defined benefit plan in view of the Company's obligation to meet interest shortfall, if any.

Unlike in earlier years, the Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using PUCM and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the balance sheet date. Further during the year, the Company's contribution of Rs.412 (Previous year Rs.333) to the Provident Fund Trust, has been expensed under "Contribution to Provident and Other Funds". Disclosures given hereunder are restricted to the information available as per the Actuary's report.

Principal Actuarial Assumptions	Year ended 31st March, 2012	Year ended 31st March, 2011
Discount Rate	8.50%	#
Expected Return on Exempted Fund	8.61%	#
Expected EPFO Return	8.25%	#
# This being the first year of valuation, previous year figures are not available.		



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(All amounts in Rs. Lakhs, unless otherwise stated)

29. Finance Costs		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Interest Expenses	25,939	18,464
Other Borrowing Cost	426	536
<b>Total</b>	<b>26,365@</b>	<b>19,000@</b>
@ Net of Capitalisation	4,176	287

30. Depreciation and Amortisation Expense		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Depreciation and Amortisation on Tangible assets	23,129	20,664
Less : Transferred from Revaluation Reserve	888	663
	22,241	20,001
Amortisation of Intangible assets	30	95
<b>Total</b>	<b>22,271</b>	<b>20,096</b>

31. Other Expenses		
	Year ended 31st March, 2012	Year ended 31st March, 2011
Consumption of Stores and Spare Parts	21,218	20,291
Power and Fuel	42,229	34,356
Material Handling Charges	15,659	13,637
Repairs to Buildings	1,501	1,151
Repairs to Machinery	10,156	6,530
Royalty	3,366	2,812
Rent	856	870
Rates and Taxes	364	277
Insurance	893	545
Freight, Transport and Delivery	13,928	13,730
Processing Charges	7,070	5,345
Traveling Expenses	811	654
Non Executive Directors' Sitting Fees and Remuneration	48	429
Impairment Loss	31	-
Net loss on foreign currency transaction and translation	5,009	-
Provision for Doubtful Debts and Advances	217	54
Provision for slow moving items and diminution in realisable value	249	272
Bad Debt and Advances Written off	83	40
Excise Duty on Stocks, Replacements etc.	2,271	866
Loss on Sale of Tangible Assets (Net)	93	73
Miscellaneous Expenses	8,659	8,117
<b>Total</b>	<b>134,711</b>	<b>110,049</b>

## Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

32. Provision for Dividend Tax on Proposed Dividend is net of write back of excess provision Rs.Nil (Previous Year Rs.12) made in earlier years.

### 33. Computation of Earning per Equity Share

	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>(I) Basic</b>		
(a) (i) Number of Equity Shares at the beginning of the year	304,741,780	304,741,780
(ii) Number of Equity Shares issued during the year	-	-
(iii) Number of Equity Shares at the end of the year	304,741,780	304,741,780
(iv) Weighted average number of Equity Shares outstanding during the year	304,741,780	304,741,780
(v) Face Value of each Equity Share Re.	1	1
(b) Profit after tax and minority interest attributable to Equity Shareholders of the Parent Company		
Profit for the period	361	13,703
(c) Basic Earning per Share [(b)/(a)(iv)] - Rs.	0.12	4.50
<b>(II) Diluted</b>		
(a) Dilutive Potential Equity Shares	-	-
(b) Diluted Earnings per Share [same as I (c) above]	0.12	4.50

### 34. Total capitalisation includes following expenses

(net of revenue/captive consumption) during trial run production of various projects of the Company.

	Year ended 31st March, 2012	Year ended 31st March, 2011
Cost of Materials Consumed	982	9,901
Consumption of Stores and Spares Parts	23	247
Repairs to Plant and Machinery	26	69
Material Handling Charges	92	198
Power and Fuel	32	430
Salaries, Wages and Bonus	7	-
Other Expenses	2	-
<b>Total (A)</b>	<b>1,164</b>	<b>10,845</b>
Revenue from Operations during trial run (net of excise duty)	348	-
Absorbed in subsequent production process during trial run for captive consumption	591	6,768
<b>Total (B)</b>	<b>939</b>	<b>6,768</b>
<b>Net Trial Run Expenses ( A - B )</b>	<b>225</b>	<b>4,077</b>

### 35. Segment Information for the year ended 31st March, 2012

#### A. Primary Segment Reporting (by Business Segments)

##### Composition of Business Segments

Segments have been identified in accordance with the Accounting Standard on Segment Reporting (AS-17) prescribed under the Act.

Details of products included in each of the above Segments are given below :

Steel : Steel Wire Rods, Rolled Products, Billets, Pig Iron and allied products.

Wire and Wire Ropes : Steel Wires, Strands, Wire Ropes, Cord, Bright Bar, related accessories including Wire Drawing and allied machines etc.

Others : Jelly Filled Telecommunication Cables, etc.

# Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

## Segment Revenues, Results and Other Information

	Steel	Wire and Wire Ropes	Others	Total of Reportable Segment
External Revenue from Operations @	147,397 126,975	177,779 168,993	10,906 8,491	336,082 304,459
Inter Segment Revenue from Operations @	73,744 71,130	328 44	3 9	74,075 71,183
Other Income	1,148 1,276	2,546 1,479	12 88	3,706 2,843
Segment Revenues	222,289 199,381	180,653 170,516	10,921 8,588	413,863 378,485
Segment Result	8,129 18,979	21,060 22,946	707 491	29,896 42,416
Segment Assets	442,568 364,211	178,417 161,113	10,176 10,047	631,161 535,371
Segment Liabilities	169,014 125,833	43,752 47,852	3,684 3,901	216,450 177,586
Capital Expenditure (Net)	60,855 30,935	15,081 15,373	150 4	76,086 46,312
Depreciation and Amortisation	16,745 14,832	4,900 4,635	524 533	22,169 20,000
Impairment Loss	- -	31 -	- -	31 -
Non cash expenses other than depreciation and amortisation	135 118	457 322	11 7	603 447

@Net of excise duty.

## Reconciliation of Reportable Segments with the Financial Statements

	Revenues	Results/Net Profit	Assets	Liabilities @
Total of Reportable Segments	413,863 378,485	29,896 42,416	631,161 535,371	216,450 177,586
Corporate - Unallocated / Others (Net)	2,688 1,459	(2,391) (3,009)	38,015 18,268	267,548 195,870
Inter Segment Sales	(74,075) (71,183)	- -	- -	- -
Interest (Net)	-	(26,365) (19,000)	-	-
Tax Expenses - Current Tax	-	(1,747) (4,729)	-	-
MAT Credit Entitlement	-	- 2,850	-	-
Tax Expenses - Deferred Tax Charge / (Credit)	-	1,269 (4,525)	-	-
As per Financial Statements	342,476 308,761	662 14,003 @@	669,176 553,639	483,998 373,456

@ Excluding Shareholders' Funds and Minority Interest  
@@ Profit After Taxation and before Minority Interest.

## B. Secondary Segment Reporting (by Geographical Segments)

	Within India	Outside India	Total
Revenues - External	246,854 220,660	92,934 86,642	339,788 307,302
Total Assets	558,223 469,395	72,938 65,976	631,161 535,371
Capital Expenditure	74,713 45,017	1,373 1,295	76,086 46,312

Figures in normal type relates to Previous Year.

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(All amounts in Rs. Lakhs, unless otherwise stated)

36. The Group's financial interest in the joint venture companies accounts for using proportionate consolidation principles based on its' financial statements are set out below:

ASSETS as at 31st March, 2012	PUMWPL	GWSCl	CCLUMSSL	DAPL
Tangible Assets (Net Block)	1,625 1,437	- -	- -	581 695
Intangible Assets (Net Block)	2 4	- -	- 2	- -
Capital Work-in-Progress	53 104	- -	- -	- -
Long-term Loans and Advances	21 20	- -	- -	1 -
Other Non-current Assets	- -	- -	- -	- 9
Inventories	399 371	- -	- 3	- -
Trade Receivables	386 337	158 209	- -	13 2
Cash and Bank Balances	3 1	12 8	28 26	17 199
Short-term Loans and Advances	172 161	108 12	1 1	67 88
Other Current Assets	- -	- -	1 1	2 3
<b>Total</b>	<b>2,661</b> <b>2,435</b>	<b>278</b> <b>229</b>	<b>30</b> <b>33</b>	<b>681</b> <b>996</b>
<b>EQUITY and LIABILITIES as at 31st March, 2012</b>				
Shareholders' Funds - Reserves and Surplus	(197) (257)	32 12	(17) (14)	158 73
Long-term Borrowings	420 540	- -	- -	- 144
Deferred Tax Liabilities (Net)	- -	- -	- -	21 1
Other Long-term Liabilities	- -	- -	- -	5 5
Long-term Provisions	9 5	- -	- -	- -
Short-term Borrowings	288 182	80 80	- -	- 201
Trade Payable	369 282	77 81	* *	8 -
Other Current Liabilities	244 162	2 4	* *	111 245
Short-term Provisions	8 1	14 (21)	* *	53 2
<b>Total</b>	<b>1,141</b> <b>915</b>	<b>205</b> <b>156</b>	<b>(17)</b> <b>(14)</b>	<b>356</b> <b>671</b>
* Amount is below the rounding off norm adopted by the Group.				

# Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

	PUMWPL	GWSCl	CCLUMSSL	DAPL
<b>INCOME for the year ended 31st March, 2012</b>				
Revenue from operations (Net of Excise Duty)	1,584 1,218	30 47	- 1	488 542
Other Income	3 1	5 -	2 1	6 14
<b>Total</b>	<b>1,587</b> 1,219	<b>35</b> 47	<b>2</b> 2	<b>494</b> 556
<b>EXPENSES for the year ended 31st March, 2012</b>				
Cost of Material Consumed	920 635	- -	- -	- -
Changes in inventories of finished goods, work-in-progress, stock-in-trade and product scrap	(59) (1)	- -	- -	- -
Employees Benefits Expense	60 -	- -	- -	70 -
Finance Costs	71 95	* -	- -	42 67
Depreciation and amortisation expense	98 77	- -	2 2	113 135
Other Expenses	437 329	13 25	3 1	137 267
<b>Total</b>	<b>1,527</b> 1,135	<b>13</b> 25	<b>5</b> 3	<b>362</b> 469
<b>RESULTS</b>				
Profit/(Loss) before Tax	60 84	22 22	(3) (1)	132 87
Tax Expenses - Current Tax	- -	2 6	- -	26 17
Tax Expenses - Deferred Tax Charge/ (Credit)	- -	- -	- -	21 -
Profit/(Loss) after Taxation	60 84	20 16	(3) (1)	85 70
Share of Custom Duty Demand not acknowledged as debt @	- -	- -	- -	- 656
Share of estimated outstanding Capital Commitments @	115 95	- -	- -	- -
Figures in normal font relate to previous year				
@ Not included in Note 23 above				
* Amount is below the rounding off norm adopted by the Group.				

## Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

(All amounts in Rs. Lakhs, unless otherwise stated)

### 37. Related party disclosures pursuant to Accounting Standard 18 prescribed under the Act.

#### (i) Related Parties

Name	Relationship
Mr. Rajeev Jhawar, Managing Director	Key Management Personnel
Dr. P Bhattacharya, Joint Managing Director [upto 4th August, 2011]	-do-
Dr. Vijay Sharma, Joint Managing Director (Steel Business) #	-do-
Mr. P K Jain, Joint Managing Director (Wire & Wire Ropes Business) #	-do-
Mr. Brij K Jhawar	Relative of a Key Management Personnel
Mrs. Shanti Devi Jhawar	-do-
Mrs. Susmita Jhawar	-do-
Mrs. Vineeta Ruia	-do-
Ms. Stuti Jhawar	-do-
Ms. Shreya Jhawar	-do-
Ms. Amisha Jhawar	-do-

#### (ii) Particulars of Transactions during the year ended 31st March, 2012

Name and Relationship	Transactions during the year			Balance outstanding at the year end
	Dividend Paid	Directors' Remuneration	Directors' Commission/ Incentive Paid (Net of tax deducted at source)	Trade Payable/ Other Current Liabilities
<b>Key Management Personnel and Relatives</b>				
Mr. Rajeev Jhawar	3 2	99 419	219 208	3 320
Dr. P. Bhattacharya	* -	47 248	110 104	- 159
Dr. Vijay Sharma	- -	215 186	32 -	42 46
Mr. P. K. Jain	- -	157 130	23 -	30 33
Mr. Brij K Jhawar	7 4	* 8	7 7	- 8
Mrs. Shanti Devi Jhawar	2 2	- -	- -	- -
Mrs. Susmita Jhawar	1 1	- -	- -	- -
Mrs. Vineeta Ruia	1 1	- -	- -	- -
Ms. Stuti Jhawar	2 2	- -	- -	- -
Ms. Shreya Jhawar	1 1	- -	- -	- -
Ms. Amisha Jhawar	2 2	- -	- -	- -
<b>Total</b>	<b>19</b> 15	<b>518</b> 991	<b>391</b> 319	<b>75</b> 566

Figures in normal font relate to previous year.

\*Amount is below the rounding off norm adopted by the Group.

#Executive Director up to 31st January, 2012.

# Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

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38. Following items, to the extent indicated, have been measured and recognised on the basis of different accounting policies applied by certain Subsidiary Companies and a Joint Venture Company, as compared to those applied by the Parent Company. It is not practicable to use uniform accounting policies in preparing the Consolidated Financial Statements. Had the accounting policies of the Parent Company been applied, the impact thereof in the expenditure for the year and year-end carrying amounts of assets is not ascertainable at this stage.

	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
Depreciation	1.4(d)	2,873	2,628
		As at 31st March, 2012	As at 31st March, 2011
Accumulated Depreciation	1.4(d)	24,162	19,305
Inventory of Finished Goods	1.8	11,096	8,073

### 39. Operating Lease Commitments

- (a) The Group has entered into various non-cancellable operating lease agreements in connection with certain Property and Plant and Equipment in earlier years. The Future minimum lease commitments of the Group are as follows :

	As at 31st March, 2012		As at 31st March, 2011	
	Lease Rent	Operation and Maintenance Charges	Lease Rent	Operation and Maintenance Charges
Up to one year	1,215	296	1,035	296
More than one year and up to five years	3,585	1,081	3,770	1,176
More than five years.	3,500	875	4,216	1,075

In the current financial year the Group has charged the following items in the Profit and Loss Account on account of the aforesaid operating lease.

	Year ended 31st March, 2012	Year ended 31st March, 2011
Lease Rent	1,206	1,223
Operation and Maintenance Charges	296	296
Escalation Charges and Taxes	339	314
Total	1,841	1,833

- (b) The Group has entered into cancellable operating leases and transactions for leasing of accommodation for office spaces, employees' residential accommodations, etc. Tenure of leases generally vary between 1 and 3 years. Terms of the lease include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rentals aggregating Rs.598 (31st March, 2011 : Rs.394) have been debited to Profit and Loss Account for the year.
40. (a) Land of a subsidiary company was appraised in 1992-93 and was reappraised in 2005-06 by an independent appraiser on the basis of Market Approach. The resultant increase (at the current exchange rate) of Rs.1,845 [Thai Baht 1,122 lakhs] [31st March, 2011 : Rs.1,654 (Thai Baht 1,122 lakhs)] was added to the carrying amount of the Land and the corresponding amount was recognised as Fixed Assets Revaluation Reserve.
- (b) Building and Plant and Machinery of three subsidiary companies were appraised by independent appraisers on an open Market Approach basis / the basis of fair values in 2005-06. The resultant increases of Rs.2,677 [Thai Baht 1,627 lakhs] [31st March, 2011 : Rs.2,400 (Thai Baht 1,627 lakhs)] and Rs.279 [Great Britain Pound 3 lakhs] [31st March, 2011 : Rs.246 (Great Britain Pound 3 lakhs)] at the current exchange rate, have been added to the carrying amount of respective assets and the corresponding amounts were credited to the Fixed Assets Revaluation Reserve.
- (c) Buildings of a subsidiary company have been appraised in 2006-07 by independent appraisers on an open market basis. The resultant increase (at the current exchange rates) of Rs.525 [Great Britain Pound 6 lakhs] [31st March, 2011 : Rs.462 (Great Britain Pound 6 lakhs)] has been added to the carrying amount of said asset and credited to Fixed Assets Revaluation Reserve.
- (d) Land, Building and Machinery of a subsidiary company were appraised in 2008-09 by an independent appraiser using Market Approach basis. The resultant increases (at the current exchange rate), of Rs.146 (Thai Baht 88 lakhs), [31st March, 2011 : Rs.131] (Thai Baht 88 lakhs)] have been added to the carrying amount of respective assets and credited to the Fixed Assets Revaluation Reserve.
- (e) Land, Building and Machinery of a subsidiary company were appraised in 2009-10 by an independent appraiser using Market Approach basis. The resultant increases (at the current exchange rate), of Rs.1,763 [Thai Baht 1,072 lakhs] [31st March, 2011 :

## Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

*(All amounts in Rs. Lakhs, unless otherwise stated)*

Rs.1,580 (Thai Baht 1,072 lakhs)] have been added to the carrying amount of respective assets and credited to the Fixed Assets Revaluation Reserve.

(f) Depreciation charge of Rs.888 (31st March 2011 : Rs.663) for the year, which is attributable to amount added on revaluation as indicated in paragraphs (b), (c), (d) and (e) above, has been adjusted by way of transfer from Revaluation Reserve.

41. An impairment loss of Rs.31 (31st March, 2011 : Nil) has been ascertained during the year in respect of certain plant and machinery of a Joint Venture Company of the Group, keeping with accounting policy set out in Note 1.6 above. Accordingly the recoverable amount being the net selling price for the aforesaid plant and machinery has been determined on the basis of a valuation carried out by the technical expert of the said Joint Venture Company.

42. The previous year figures have been regrouped/reclassified to conform with this year's classification.

### Signature to Note '1' to '42'

For **PRICE WATERHOUSE**  
Firm Registration Number : 301112E  
*Chartered Accountants*

**P. Jhwar**  
*Chairman*

**(P. Law)**  
*Partner*  
Membership No. 51790

**R. Jhwar**  
*Managing Director*

Kolkata  
10th May, 2012

**A. K. Somani**  
*Company Secretary*



## Consolidated Cash Flow Statement for the year ended 31st March, 2012

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
<b>A. Cash Flow from Operating Activities</b>		
Profit/(Loss) before taxation	1,140	20,407
Adjustment for:		
Depreciation and amortisation expense	22,271	20,096
Impairment Loss on tangible Assets	31	-
Loss on sale of tangible Assets (Net)	93	73
Interest Income	(199)	(252)
Dividend received from Current Investments - Other than Trade	(20)	(62)
Gain on Reversal of Impairment Loss (Net)	-	(5)
Finance Costs	26,365	19,000
Unrealised foreign currency (Gains)/Losses (Net)	3,718	(1,742)
Unrealised Derivative Gains (Net)	(2,851)	(1,305)
Effect of change in Foreign Exchange Translation	2,601	358
Provision for Doubtful Debts and Advances	217	54
Provision for slow moving items and diminution in realisable value	249	272
Provision no longer required written back	(251)	(786)
Liabilities no longer required written back	(689)	(732)
Bad debt/advances written off	95	49
Tangible assets written off	42	71
<b>Operating profit before working capital changes</b>	<b>52,812</b>	<b>55,496</b>
<b>Changes in Working Capital:</b>		
Increase in Trade Payables and Other Liabilities	38,790	22,634
Increase in Inventories	(29,059)	(30,880)
Increase in Trade Receivables and Other Assets	(1,607)	(8,008)
	8,124	(16,254)
<b>Cash generated from operations</b>	<b>60,936</b>	<b>39,242</b>
Direct tax paid	(3,585)	(4,446)
<b>Net cash generated from operating activities</b>	<b>57,351</b>	<b>34,796</b>
<b>B. Cash flow from Investing Activities:</b>		
Purchase of tangible and intangible assets [Refer (b) below]	(72,357)	(79,027)
Sale of tangible assets	694	73
Advance against purchase of Land	(101)	(35)
Inter Corporate Loans Given	37	(37)
Interest Income received	201	299
Placement of fund in long-term deposits with Bank having maturity of more than 3 months but less than 12 months	(15,900)	-
Dividend received from Current Investments - Other than Trade	20	62
<b>Net cash used in Investing Activities</b>	<b>(87,406)</b>	<b>(78,665)</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Borrowings	65,125	76,314
Finance Costs paid	(25,882)	(18,535)
Dividend paid (including tax thereon Rs. 485 ; Previous Year Rs. 495)	(3,520)	(3,533)
Dividend paid by a subsidiary Company to Minority Shareholders	(143)	(157)
<b>Net Cash from Financing Activities</b>	<b>35,580</b>	<b>54,089</b>
<b>Net increase in cash and cash equivalents during the year</b>	<b>5,525</b>	<b>10,220</b>

## Consolidated Cash Flow Statement for the year ended 31st March, 2012

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
D. Exchange differences on Translation of Foreign Currency Cash and Cash Equivalent	(381)	(200)
	5,144	10,020
Cash and Cash equivalents at the beginning of the year	14,326	4,306
Cash and Cash equivalents at the end of the year	19,470	14,326
Cash and cash equivalents comprises of:		
Cash on hand	19	29
Cheques, Draft on hand	281	1,571
Remittance in transit	158	1,409
Balance with Banks		
On current accounts	9,139	2,352
Unclaimed Dividend Accounts [Refer (c) below]	69	57
Demand deposits - less than 3 months maturity	9,804	8,908
	19,470	14,326

- (a) The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements prescribed under the Companies Act, 1956 of India.
- (b) Includes interest expense capitalised Rs.1236 (Previous Year : Rs.193) which is net of interest income Rs.2940 (Previous Year : Rs.95) from deposits out of project funds pending utilisation.
- (c) Earmarked for payment of unclaimed dividend.
- (d) Refer Note 42.

This is the Cash Flow Statement referred to in our report of even date.

**For PRICE WATERHOUSE**  
Firm Registration Number : 301112E  
Chartered Accountants

**(P. Law)**  
Partner  
Membership No. 51790

Kolkata  
10th May, 2012

**P. Jhwar**  
Chairman

**R. Jhwar**  
Managing Director

**A. K. Somani**  
Company Secretary



# Corporate Sustainability Report

## Our Vision

To contribute to the Millennium Development Goals in the areas of our operation.

## Our Mission

Our mission is to promote among the people of rural Jharkhand sustainable integrated development through partnership and Total Village Management (TVM) that makes a real difference in their lives, creating ownership and igniting initiative and innovation.

## Total Village Mangement

KGVK (Krishi Gram Vikas Kendra) started in the year 1972 is a four-decade old development organisation in the East of India; it has an integrated approach to rural development through the proprietary Total Village Management (TVM) model. TVM is based on strong business principles adapted to the rural setting, community ownership and grassroots

entrepreneurship; eventual goals being meeting and surpassing the Eight Millennium Development Goals (MDGs) over many years. KGVK operates in 6 districts of Jharkhand, a largely tribal and one of the least developed States in India has a PUBLIC-PRIVATE-PEOPLE'S-PARTNERSHIP (P4) to mobilising resources.

## KGVK at a Glance

2008	<ul style="list-style-type: none"><li>• TVM introduced in KGVK</li><li>• Ten-year \$10 million commitment at Clinton Global Initiative 2008 to 'alleviate poverty through TVM in at least 350 villages in Jharkhand'</li><li>• Public-Private-PEOPLE-Partnership (P4) approach to mobilize resources</li></ul>
2009	<ul style="list-style-type: none"><li>• Pilot started in 5 Villages, chosen from 5 different clusters within command area</li><li>• Process map drawn out and internal TVM team formed</li><li>• 3-year goal to meet MDGs in TVM villages; 5-years to surpass MDGs</li><li>• First two Social Enterprises started- KGVK Rural Enterprises and KGVK Agro Ltd.</li></ul>
2010	<ul style="list-style-type: none"><li>• KGVK restructured around TVM to face scale of implementation</li><li>• Independent audit undertaken on TVM model</li><li>• Global Changemakers Program launched to fill resource and knowledge gaps within organisation</li><li>• Bridges beyond Boundaries initiative launched as part of KGVK-UK to promote TVM</li></ul>
2011	<ul style="list-style-type: none"><li>• TVM Model successfully expanded to 21 villages</li><li>• Social Return on Interventions (SROI) undertaken on impact of TVM</li><li>• Axis Bank Foundation (ABF) commits to being a long term funding partner on Livelihood activities</li><li>• KGVK Rural Enterprises employs 100+people; KGVK Agro Ltd. team reaches out to over 500 farmers directly and over 40,000 indirectly through farm mechanization tools</li></ul>
2012	<ul style="list-style-type: none"><li>• TVM Model expanded to 125 villages; Community Sparks Programme strengthened</li><li>• KGVK Dairy Ltd. started to scale up in-house dairy model</li><li>• TVM for Intergrated Education starts in 8 villages with support from World Bank</li></ul>

## Testimonial

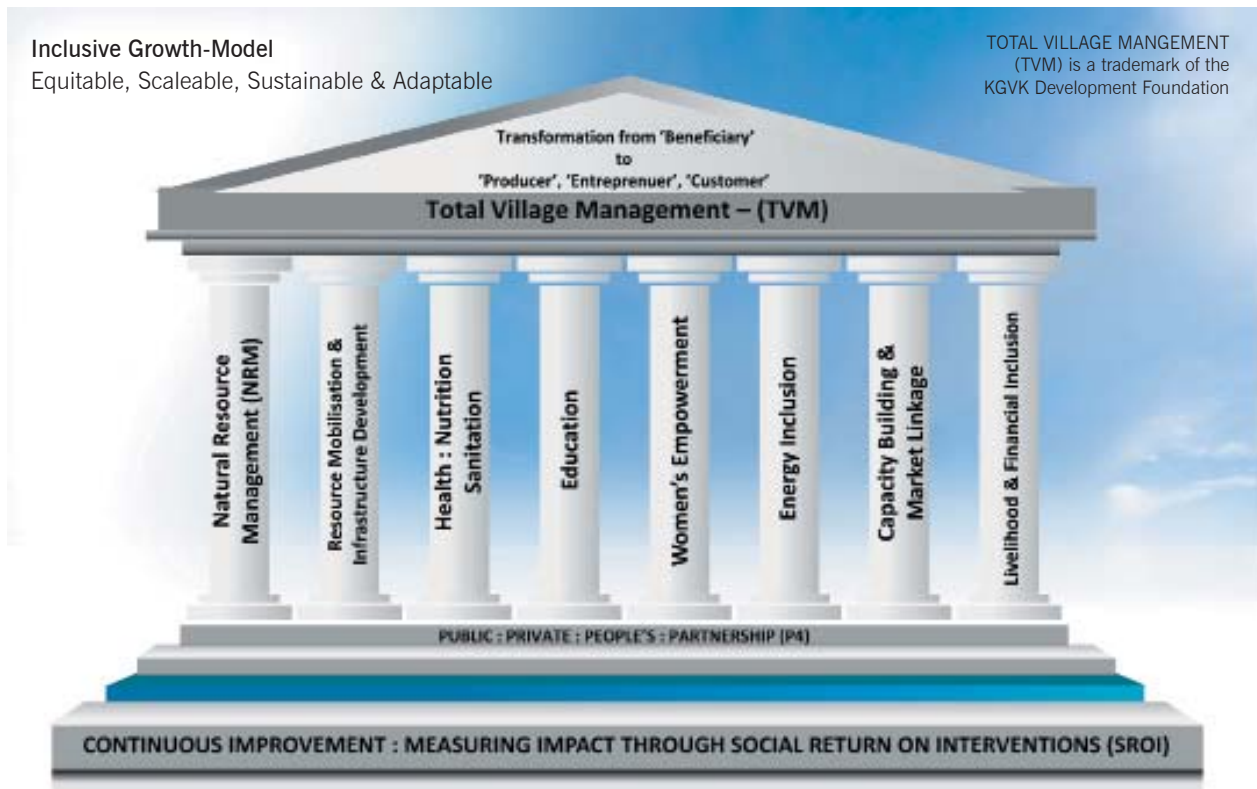
Social Return on Intervention (SROI)- SRI at Village Heth Kanchi, Bundu

Through SRI Methodology paddy cultivation was done in 11% of total cultivable ( 19.65 Acre out of 178.35 acre) land, an additional income of Rs. 2.98 Lakhs (paddy : 2.76 Lakh + Straw : 0.22 Lakh) has been generated in the village in three months.

Gopal Munda, Heth Kanchi- Bundu

I am extremely happy with this result and will continue to pursue the SRI system in all my future crops





The Eight Pillars of TVM – Natural Resource Management; Resource Mobilisation and Infrastructure Development Health, Nutrition & Sanitation; Education; Women's Empowerment; Energy Inclusion; Capacity Building & Market Linkage; Livelihood – work together in a convergent manner and are well tied to the local governance structure and communities to ensure smooth implementation and long-term sustainability. All TVM efforts have multiple 90-day implementation cycles, at the end of which, impact is measured through Social Return on Interventions (SROI).

The TVM approach makes each villager a stakeholder in his success and that of his village. Through building capacities and access to resources, TVM empowers underdeveloped communities to manage their own village and satisfy their own needs. Through education, healthcare, vocational training, alternative income sources and better market linkages TVM opens up life changing opportunities.

KGVK's progress

- 2600 and more farmers have adopted the SRI technique of paddy cultivation in the villages, which has increased their productivity to 22-28 quintal/acre from 14-15 quintal/acre. The total number of land brought under irrigation is 891.55 acres.
- Strengthened more than 400 Gram Sabha members on the existing government facilities within a village-

Village Development Committee (VDC), Village Health & Sanitation Committees, School Management Committees, through training and joint micro- planning at community level.

- 5000+ children of classes 1-5 in government schools were assessed to increase quality of learning through remedial packages with the help of parents and School Management Committees.
- 250 Unemployed youth were trained in computers, communication and soft skills.
- Additional income generation opportunities for over 7500 people through formation of Self Help Groups (SHGs), capacity building and financial and hand holding support in activities like poultry, apiculture, goatery etc.





UML Ex Employee Mr. Sitaram Pahan happy with SRI Paddy Yield



Well renovated in Bhagalpur tola of Tati village

## KGVK-UML 29 Village initiative

The following interventions undertaken by KGVK Ranchi in Collaboration with UML aimed to enhance income of family of 29 village through adopting partnership model in year 2011-12.

- 15 drinking wells have been renovated in Tati, Silwai, Mahilong and Masu villages and 90 households are benefitted from these wells. For providing safe drinking water, 159 structures have been tested in KGVK Rukka Lab and suggestive measures have been taken.
- Domestic wastewater is also disposed of in the near by house. The result is an unclean & muddy environment and they are produce Mosquito. To better use of waste water and nutrition food at home, 43 household have been Kitchen Garden in Ara, Tati, Haratu, Silwai and Lalganj villages.
- 258 farmers of 6 villages of Namkom block namely Tati, Silwai, Masu, Mahilong and Haratu have got benefitted from Rabi crop. Seeds have been distributed of Rs 1.25 lakh of Cabbage, Pea, Gram, Potato, and Tomato among the farmers.
- Five fruit plants under backyard plantation model (Papaya, Mango, Lemon and Guava) have been distributed in 275 households in Tati, Silwai, Mahilong, Haratu, Masu, Lalganj, and Ara village.
- For enhancing production of paddy, SRI weeder has been distributed in 11 farmer's clubs in Silwai, Masu, Mahilong

and Tati village. 4 paddy threshers have been distributed under entrepreneur model in Tati, Silwai Mahilong and Masu village.

- 34 farmers in 20 acres land have been covered in the system of wheat intensification (SWI). 20 weeders have been distributed among farmers of Tati, Silwai and Masu village.
- For income enhancement activity, 93 households have been benefitted with 10 birds of koiler poultry rearing in Tati and Silwai village. To improve the black Bengal variety of goat, we have introduced jamunapari and betal variety of Goat for breed improvement in 35 SHG of Tati and Silwai village. 2 families have started apiculture, a prospective source of additional income. 15 SHG members of Tati and Silwai have started mushroom cultivation, which has become additional sources of income.
- 80 percent are under below the marks in Ara, Lalganj Mahilong, Haratu, Tati and Silwai School. 9 school students among the village have been assessed from Quality test.
- 18 Foot ball teams of Youth (boys and girls) of Tati, Silwai, Ara and Haratu village have been organized. Football, hand ball and jersey has been provided for better team building and creating interest for sports.
- With 48 health camp including Eye, Dental and General, 1114 patients (548 woman, 154 children and 412 men) have been treated in Tati, Silwai, Masu, Haratu, Ara and Lalganj villages. In addition to health camp service,



Gurukul Children in a joyous mood



Woman showing kantha and applique work stitching

referral patients have been given medical treatment in Shalini Hospital, Rukka and Angra.

- Sanitation awareness program about handwash etc. among school children has been conducted in 4 schools, namely Ara, Tati, Haratu and Lalganj schools. Almost 500 students have been made aware of six steps pertaining to washing and cleaning.
- 78 farmers have been trained about improved agriculture practices for Rabi crop. Two days training has been organized at field level with theoretical as well practical training duly incorporated in the training module. For better communication and understanding of language, progressive farmers have been involved in the training.
- Exposure visit of 83 member of Panchayati Raj institution such as Mukhiya, Up mukhiya and ward member has been conducted in Rukka, Bundu and Ormanjhi area. During the visit they have learnt about village development with participatory approach.
- 26 SHG women have been trained about mushroom cultivation in Tati Silwai & Haratu village. In addition to it, 90 SHG members have got orientation training in Katha Stitch & appliqué work at Tati, Silwai, Haratu, Masu, Ara, lalganj Chatra and Khatanga village.

## KGVK, Palamu

The following is an account of the areas covered during the period 2011-2012, by the KGVK- UML partnership across the 9 villages in the district of Palamu, home to the coal-

mining operations of UML:

- Livelihood programmes that were undertaken involved training members of the community in the areas of breed improvement through- goat rearing and croiler farming, silk reeling etc. About 25 women are earning Rs. 80-100 a day through making silk threads and about 20 women received training on kantha and applique work.
- KGVK TVM Energy interventions are an attempt at relieving the community from its awful predicament. Two solar pannels have been installed in Kathaouthiya and Sikka and by providing the villagers with solar lanterns for social functions, etc at a rental this acts as an excellent business opportunity.
- The KGVK Gurukul School announced scholarships for meritorius students and is all set to upgrade to the next class. In addition to this, community sports is being encouraged in the villages through formation of Youth Clubs and by providing them with equipments. A cricket match was conducted, Garikha and Sikka teams won winning trophies out of the 8 teams that participated.
- Capacity Building interventions such as training of Health Workers, training on teaching skills for teachers, mobile repair training for youths laid ground for a future increase in impact.
- Various interventions such as installation of more than 25 hand pumps and repair of about 40 hand pumps in different villages were carried out to address the issue of water availability and ensuring safe drinking water.

- Health awareness programmes were conducted in the schools and villages through quiz competitions with adolescents and audio visual shows respectively .
- Free medicinal health check ups were organised by the doctors at five different Health Centres in villages where about 25 children were identified and malnourished and referred to MTC Chainpur for treatment. An ambulance is now available for emergency and referral cases to private hospitals.
- Mosquito nets and Blankets were distributed to over 300 households in the area to help cope with malaria and harsh winter respectively.

## KGVK, Saranda

Interventions undertaken by KGVK, Saranda in collaboration with UML are aimed at economic and social upliftment of the resident rural community of the region which is rich in iron-ore deposits and are critical to UML's activities. The following is an account of the progress made in the year gone by:

- 11 Government Schools were part of the distribution programme for Teaching Learning Materials (TLM) while providing support to teachers. Baalmela and functions were organised in different schools.
- Infrastructure Development interventions like construction of tube wells, overhead tank, ponds and restoration of hand pumps and tube wells impacted about 150

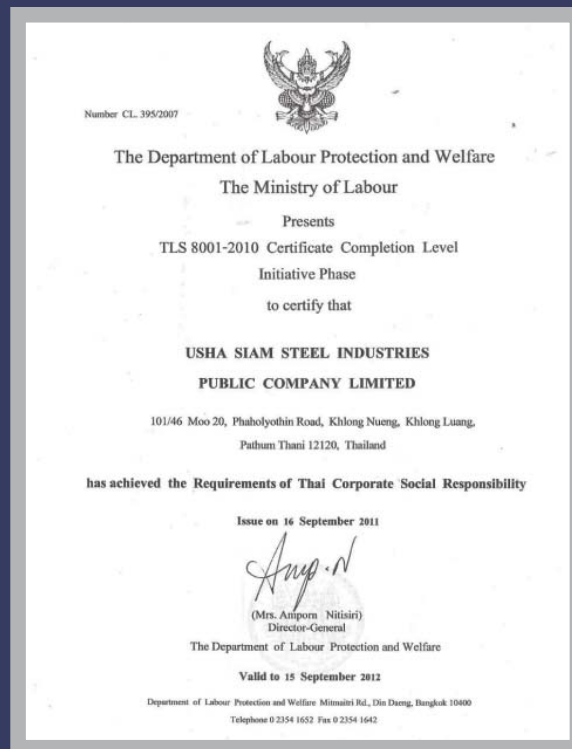
households. Drip irrigation was introduced in five villages covering 8 progressive farmers. Land development programmes were also undertaken.

- Interventions to promote green cover were executed through growing 40,000 plants of different species at the Bokna Nursery for plantation at mines. Other mines and farmers also benefit from this. In addition to this, kitchen gardens were developed in 8 villages and 2000 fruit plants were distributed to villages.
- Six solar charging stations with 300 lanterns were in villages Bokna, Baraiburu, Tatiba, Bichaikiri, Khasjamda and Tetlighthat.
- Health and immunization camps on pulse polio, vitamin A and measles were conducted all round the year. Iron Folic Acid (IFA) tablets were distributed amongst women to prevent them from anemia. Street theatre in the form of nukkad natak shows were organised to spread awareness on malnutrition and safe motherhood in the community.
- Exposure visits for Self Help Group (SHG) members were arranged as part of capacity building interventions to Jamshedpur on candle making. Training on common animal diseases was given to SHG women and others.
- Shawls, blankets, mosquito nets were distributed to 700 beneficiaries in 14 villages.

Solar Laltern with module set up in Saranda Village







USSIL was awarded TLS 8001-2010 Certificate for having achieved requirements of Thai Corporate Social Responsibility by Ministry of Labour, Royal Thai Government.



USSIL, was also awarded 'Outstanding Establishment on Labour Relation & Welfare' by Ministry of Labour, Royal Thai Government for the years 2008, 2009, 2010 and 2011.

## Notice to the Shareholders

NOTICE is hereby given that the TWENTY SIXTH ANNUAL GENERAL MEETING of the members and shareholders of USHA MARTIN LIMITED will be held at Vidya Mandir, 1, Moira Street, Kolkata – 700 071 on Tuesday, the 31st day of July, 2012 at 2.00PM to transact following businesses:

### As Ordinary Business

1. To receive and adopt the Profit & Loss Account of the Company for the year ended 31st March, 2012 and the Balance Sheet as at that date, together with the Directors' and Auditors' Reports.
2. To appoint a director in place of Mr. Basant Kumar Jhawar who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Brij K Jhawar who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. P K Jain who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration and for the purpose to pass the following resolution as Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provision of Section 224 of the Companies Act, 1956, M/s. Price Waterhouse, Chartered Accountants, be and are hereby 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 decided mutually between the Board of Directors and the Auditors."

### As Special Business

To consider and if thought fit, to pass with or without modification(s), the following Resolutions:

#### 6. As Special Resolution

**"RESOLVED THAT** further to the ordinary resolution passed at the twenty-second annual general meeting approving re-appointment of Mr. Rajeev Jhawar, Managing Director of the Company with effect from 19th May, 2008, the Company hereby confirms the terms of such re-appointment and confers authority to the Board of Directors to alter and vary the remuneration payable to Mr. Rajeev Jhawar subject to the minimum remuneration paid being in accordance with Schedule XIII to the Companies Act, 1956 ("Act") or any amendments made thereto from time to time."

**"RESOLVED FURTHER THAT** in partial modification of aforesaid resolution passed at twenty – second annual general meeting and confirmed herein above and pursuant to the provisions of sections 198, 269 and 309, and other applicable provisions, if any, of the Act read with Part II of Schedule XIII to the Act, as amended from time to time (including any statutory modification or re-enactment thereof, for the time being in force) and subject to approval of the Central Government, the consent of the Company be and is hereby accorded to the payment of remuneration for financial year 2011 – 12 made to Mr. Rajeev Jhawar, Managing Director of the Company amounting to Rs.99.23 lacs including Rs.75.23 lacs being excess (over remuneration payable in accordance with provisions of Schedule XIII of the Act) arising as a consequence of absence of profits, the waiver of recovery of which is hereby approved."

**"RESOLVED FURTHER THAT** Dr. Vijay Sharma, Joint Managing Director [Steel Business], Mr. P K Jain, Joint Managing Director [Wire & Wire Ropes Business] and Mr. A K Somani, Company Secretary be and are severally authorized to make, sign, execute and submit necessary application(s), declaration(s), statement(s), affidavit(s), document(s) and provide such further information and explanation as may be required, to the Central Government in order to give effect to this resolution."

#### 7. As Special Resolution

**"RESOLVED THAT** further to the ordinary resolution passed at the twenty-second annual general meeting approving re-appointment of Dr. P Bhattacharya, Joint Managing Director of the Company for a period from 15th May, 2008 to August 4, 2011, the Company hereby confirms the terms of such re-appointment and confers authority to the Board of Directors to alter and vary the remuneration payable to Dr. P Bhattacharya subject to the minimum remuneration paid being in accordance with Schedule XIII to the Companies Act, 1956 ("Act") or any amendments made thereto from time to time."

**"RESOLVED FURTHER THAT** in partial modification of aforesaid resolution passed at twenty – second annual general meeting and confirmed herein above and pursuant to the provisions of sections 198, 269 and 309, and other applicable provisions, if any, of the Act read with Part II of Schedule XIII to the Act, as amended from time to time (including any statutory modification or re-enactment thereof, for the time being in force) and subject to approval of the Central Government, the consent of the Company be and is hereby accorded to the payment of remuneration for financial year 2011 – 12 made to Dr. P Bhattacharya, Joint Managing Director of the Company amounting to Rs.47.41 lacs including Rs.39.16 lacs being excess (over remuneration payable in accordance with provisions of Schedule XIII of the Act) arising as a consequence of absence of profits, the waiver of recovery of which is hereby approved."

**"RESOLVED FURTHER THAT** Dr. Vijay Sharma, Joint Managing Director [Steel Business], Mr. P K Jain, Joint Managing Director [Wire & Wire Ropes Business] and Mr. A K Somani, Company Secretary be and are severally authorized to make, sign, execute and submit necessary application(s), declaration(s), statement(s), affidavit(s), document(s) and provide such further information and explanation as may be required, to the Central Government in order to give effect to this resolution."

#### 8. As Special Resolution

**"RESOLVED THAT** further to the ordinary resolution passed at the twenty-fourth annual general meeting approving appointment of Dr. Vijay Sharma, Joint Managing Director [Steel Business] of the Company for a period of five years with effect from 1st February, 2010, the Company hereby confirms the terms of such appointment and confers authority to the Board of Directors to alter and vary the remuneration payable to Dr. Vijay Sharma subject to the minimum remuneration paid being in accordance with Schedule XIII to the Companies Act, 1956 ("Act") or any amendments made thereto from time to time."

**"RESOLVED FURTHER THAT** in partial modification of aforesaid resolution passed at twenty – fourth annual general meeting and confirmed herein above and pursuant to the provisions of sections 198, 269 and 309, and other applicable provisions, if any, of the Act read with Part II of Schedule XIII to the Act, as amended from time to time (including any statutory modification or re-enactment thereof, for the time being in force) and subject to approval of the Central Government, the consent of the Company be and is hereby accorded to the payment of remuneration for financial year 2011 – 12 made to Dr. Vijay Sharma, Joint Managing Director [Steel Business] of the Company amounting to Rs.214.94 lacs including Rs.190.94 lacs being excess (over remuneration payable in accordance with provisions of Schedule XIII of the Act) arising as a consequence of absence of profits, the waiver of recovery of which is hereby approved."

**"RESOLVED FURTHER THAT** Mr. Rajeev Jhawar, Managing Director, Mr. P K Jain, Joint Managing Director [Wire & Wire Ropes Business] and Mr. A K Somani, Company Secretary be and are severally authorized to make, sign, execute and submit necessary

application(s), declaration(s), statement(s), affidavit(s), document(s) and provide such further information and explanation as may be required, to the Central Government in order to give effect to this resolution.”

#### 9. As Special Resolution

“**RESOLVED THAT** further to the ordinary resolution passed at the twenty-fourth annual general meeting approving appointment of Mr. P K Jain, Joint Managing Director [Wire & Wire Ropes Business] of the Company for a period of five years with effect from 1st February, 2010, the Company hereby confirms the terms of such appointment and confers authority to the Board of Directors to alter and vary the remuneration payable to Mr. P K Jain subject to the minimum remuneration paid being in accordance with Schedule XIII to the Companies Act, 1956 (“Act”) or any amendments made thereto from time to time.”

“**RESOLVED FURTHER THAT** in partial modification of aforesaid resolution passed at twenty – fourth annual general meeting and confirmed herein above and pursuant to the provisions of sections 198, 269 and 309, and other applicable provisions, if any, of the Act read with Part II of Schedule XIII to the Act, as amended from time to time (including any statutory modification or re-enactment thereof, for the time being in force) and subject to approval of the Central Government, the consent of the Company be and is hereby accorded to the payment of remuneration for financial year 2011 – 12 made to Mr. P K Jain, Joint Managing Director [Wire & Wire Ropes Business] of the Company amounting to Rs.156.61 lacs including Rs.132.61 lacs being excess (over remuneration payable in accordance with provisions of Schedule XIII of the Act) arising as a consequence of absence of profits, the waiver of recovery of which is hereby approved.”

“**RESOLVED FURTHER THAT** Mr. Rajeev Jhavar, Managing Director, Dr. Vijay Sharma, Joint Managing Director [Steel Business] and Mr. A K Somani, Company Secretary be and are severally authorized to make, sign, execute and submit necessary application(s), declaration(s), statement(s), affidavit(s), document(s) and provide such further information and explanation as may be required, to the Central Government in order to give effect to this resolution.”

#### 10. As Special Resolution

“**RESOLVED THAT** pursuant to the provisions of Sections 198,269 and 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (“the Act”) (including any statutory modification or re-enactment thereof) and subject to the approval of the Central Government, if required, consent of the Company be and is hereby accorded that, in case of any inadequacy or absence of profits in any financial year, the minimum remuneration payable to Mr. Rajeev Jhavar, Managing Director of the Company by way of salary, performance-linked incentive/reward or bonus, perquisites and other allowances or any combination thereof, will be not exceeding Rs.110 lacs for the financial year 2012-13 and annual increase of upto 20% thereon for every year thereafter during the remaining period of his appointment, and that Board of Directors of the Company be and is hereby empowered to decide remuneration of any amount and other retirement benefits as may be recommended by the Remuneration Committee, within such overall ceiling.”

“**RESOLVED FURTHER THAT** ordinary resolution passed by the Company at the twenty – second annual general meeting approving terms of re-appointment of Mr. Rajeev Jhavar as Managing Director would continue to remain in effect in case there being no such inadequacy or absence of profit in any financial year during the remaining period of his appointment.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things

and deal with all such matters and take all such steps as may be necessary for giving effect to the above resolution.”

#### 11. As Special Resolution

“**RESOLVED THAT** pursuant to the provisions of Sections 198,269 and 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (“the Act”) (including any statutory modification or re-enactment thereof) and subject to the approval of the Central Government, if required, consent of the Company be and is hereby accorded that, in case of any inadequacy or absence of profits in any financial year, the minimum remuneration payable to Dr. Vijay Sharma, Joint Managing Director [Steel Business] of the Company by way of salary, performance-linked incentive/reward or bonus, perquisites and other allowances or any combination thereof, will be not exceeding Rs.260 lacs for the financial year 2012-13 and annual increase of upto 20% thereon for every year thereafter during the remaining period of his appointment, and that Board of Directors of the Company be and is hereby empowered to decide remuneration of any amount and other retirement benefits as may be recommended by the Remuneration Committee, within such overall ceiling.”

“**RESOLVED FURTHER THAT** ordinary resolution passed by the Company at the twenty – fourth annual general meeting approving terms of appointment of Dr. Vijay Sharma as Joint Managing Director [Steel Business] would continue to remain in effect in case there being no such inadequacy or absence of profit in any financial year during the remaining period of his appointment.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and deal with all such matters and take all such steps as may be necessary for giving effect to the above resolution.”

#### 12. As Special Resolution

“**RESOLVED THAT** pursuant to the provisions of Sections 198,269 and 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (“the Act”) (including any statutory modification or re-enactment thereof) and subject to the approval of the Central Government, if required, consent of the Company be and is hereby accorded that, in case of any inadequacy or absence of profits in any financial year, the minimum remuneration payable to Mr. P K Jain, Joint Managing Director [Wire & Wire Ropes Business] of the Company by way of salary, performance-linked incentive/reward or bonus, perquisites and other allowances or any combination thereof, will be not exceeding Rs.200 lacs for the financial year 2012-13 and annual increase of upto 20% thereon for every year thereafter during the remaining period of his appointment, and that Board of Directors of the Company be and is hereby empowered to decide remuneration of any amount and other retirement benefits as may be recommended by the Remuneration Committee, within such overall ceiling.”

“**RESOLVED FURTHER THAT** ordinary resolution passed by the Company at the twenty – fourth annual general meeting approving terms of appointment of Mr. P K Jain as Joint Managing Director [Wire & Wire Ropes Business] would continue to remain in effect in case there being no such inadequacy or absence of profit in any financial year during the remaining period of his appointment.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and deal with all such matters and take all such steps as may be necessary for giving effect to the above resolution.”

2A, Shakespeare Sarani  
Kolkata – 700 071  
Dated: 30th June, 2012

By Order of the Board  
**A K Somani**  
Company Secretary

**NOTES :**

1. 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 the proxy need not be a member of the Company. Proxies, in order to be effective, must be deposited at the registered office of the Company at least 48 hours before commencement of the meeting.
2. The Registers of Members and the Share Transfer Books of the Company will remain closed from 23rd July, 2012 to 31st July, 2012 (both days inclusive).
3. The shareholders of the Company are informed that pursuant to the Companies (Amendment) Act, 1999 the amount of dividend which remains unclaimed for a period of 7 years would be transferred to the Investor Education and Protection Fund ["the Fund"] constituted by the Central Government and the shareholder(s) would not be able to claim any amount of the dividend so transferred to the Fund. All unclaimed / unpaid dividends declared for and upto the financial year ended 31st March, 2004 has been transferred to the said Fund. The unclaimed/ unpaid dividend declared for the financial year ended 31st March, 2005 shall be deposited in the Fund on or before August, 2012.
4. The shareholders who have not encashed their earlier dividend warrants are requested to write to the Company immediately for claiming outstanding dividends declared by the Company.
5. Members holding shares in identical order of names in more than one folio are requested to write to the Company's R & T Agent, namely, MCS Limited, 77/2A, Hazra Road, Kolkata - 700029 for consolidation of holding in one folio. The relevant share certificates are also to be sent to them for this purpose.
6. As per RBI notification, with effect from 1st October, 2009, the remittance of the money through ECS was replaced by National -Electronic Clearing Service (NECS) and banks have been instructed to move to the NECS Platform. For the shareholders holding shares in electronic form, please furnish the new Bank Account Number as allotted to you by the bank after implementation of its Core Banking Solutions alongwith a photocopy of a cheque pertaining to the concerned account to your Depository Participant.
7. The Equity shares of the Company are tradable in dematerialized form with effect from 21st March, 2000. In view of the same and to avail of the in-built advantages of the ECS payment, nomination facility and other advantages, the shareholders are requested to get their shares in demat form. The ISIN No. of the Company is INE 228A01035.
8. Pursuant to the Circular Nos. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 issued by the Ministry of Corporate Affairs (MCA), the Company has implemented the "Green Initiative" which will enable electronic delivery of notices/documents and annual reports to the shareholders. Henceforth, the email addresses indicated in your respective Depository Participant (DP) accounts which will be periodically downloaded from NSDL/ CDSL will be deemed to be your registered email address for serving notices/ documents including those covered under Section 219 of the Companies Act, 1956. The Notice of AGM and the copies of audited financial statements, directors' report, auditors' report etc will also be displayed on website - www.ushamartin.com and the other requirements of the MCA Circulars will be duly complied with. Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to MCS Limited, 77/ 2A, Hazra Road Kolkata – 700029, the RTA of the Company quoting their folio number(s).
9. Pursuant to the requirements of the Clause 49 of the listing agreements with the stock exchanges information about the directors proposed to be re-appointed is given below :

**Item No.2**

**Basant Kumar Jhawar**, aged about 77 years is a Commerce Graduate and founder of Usha Martin Group. He has founded several successful industrial enterprises in India and abroad. Till 10th May, 2010, he served as Chairman on Board of the Company and thereafter he has been as Chairman-Emeritus by the Board of Directors. Mr. Jhawar is actively involved and spearheading activities in the fields of community development, economic and social upliftment and empowerment of people and various other CSR initiatives on behalf of Usha Martin Group including through Krishi Gram Vikas Kendra, an NGO in operation for over 37 years in the State of Jharkhand. Mr. Jhawar holds 82,310 equity shares in the Company.

He also holds other directorship/committee membership in the following companies in India :

Sl No.	Name of the Company	Director / Chairman	As Committee Member / Chairman [Audit/ Shareholders Grievance]
1	Orient Paper & Industries Limited	Director	Audit Committee/ Remuneration Committee
2	KGVK Social Enterprises Limited	Director	-
3	KGVK Agro Limited	Director	-

**Item No. 3**

**Brij Kishore Jhawar**, aged about 75 years, co – founder of Usha Martin Group is a mechanical engineer from Jadavpur University and was granted Diploma of Fellowship by the Institute of Engineers (India) in 1987 for his outstanding contribution to progress and advancement of mechanical engineering fraternity. He is a great believer in human values and human resources development. He is very conscious of industries' social obligations and is actively involved for over 35 years in discharging CSR obligations on behalf of Usha Martin Group through Krishi Gram Vikas Kendra, an NGO operating in rural areas of Jharkhand. Mr. Jhawar holds 945,865 equity shares in the Company.

He is a director in KGVK Agro Limited in India and does not hold any committee membership in any other company.

**Item No. 4**

**Mr P K Jain**, aged about 58 years is a B.Tech (Mechanical Eng.) and MBA (General Management & Finance). Mr Jain commands rich experience in operations, project implementation, product marketing, brand building, setting up dealers and distribution networks apart from in fields of production, maintenance quality cost optimisation etc during his total work experience of over 35 years in wire wire ropes and related areas across various companies in India and abroad.

**Mr Jain** is a director in Gustav Wolf Speciality Cords Limited, UM Cables Limited, CCL Usha Martin Stressing Systems Limited in India and is the Chairman of Audit Committee of U M Cables Limited. Mr Jain holds no shares in the Company.

**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 and pursuant to Clause 49 of the Listing Agreement with stock exchanges in connection with the items of special business is given below:**

**Item No. 6**

The members at the twenty second annual general meeting of the Company held on July 30, 2008, had approved the re-appointment and remuneration of Mr. Rajeev Jhawar, as the Managing Director of the Company for a period of five years w.e.f. May 19, 2008 by way of an ordinary resolution. As per the said resolution, the remuneration payable to Mr. Rajeev Jhawar is subject to the maximum amount prescribed under Schedule XIII of the Companies Act, 1956 ("the Act").

In addition to the above, due to inadequacy and absence of profits during the financial year 2011-2012, the managerial remuneration paid to Mr. Rajeev Jhawar was in excess of the maximum permissible limit as prescribed under Schedule XIII of the Act. The reasons for absence of profit and other details have been set out under the heading "Other Information" under item no. 13

of this Explanatory Statement. The remuneration paid to Mr. Rajeev Jhavar for the financial year 2011 – 12 was Rs.99.23 lacs, including Rs.75.23 lacs being excess over remuneration payable in accordance with provisions of Schedule XIII of the Act), arising as a consequence of absence of profits.

Section 309 of the Act inter alia provides that members may waive, subject to receipt of permission from Central Government, the recovery of any excess remuneration paid to any director over the remuneration payable to him in accordance with the provisions of Schedule XIII the Act. Further, proviso to sub-section C of section II of Part – II of Schedule XIII to the Act, requires the company to pass a Special Resolution at the general meeting approving the remuneration for a period not exceeding three years. Hence, the Special Resolution is being proposed.

The Board of Directors at its meeting held on 10th May, 2012 has considered the extensive expertise of Mr. Rajeev Jhavar and his significant contribution to the growth of the Company and the fact that the remuneration paid to him is clearly justified by his long experience and achievements and have accordingly ratified, confirmed and approved, subject to the approval of the shareholders and of the Central Government, the payment of aforesaid remuneration, in excess of the limits prescribed under Schedule XIII of the Act and have decided to waive the recovery of the excess remuneration paid to Mr. Rajeev Jhavar, subject to approval of the Central Government in this regard. An application in this regard, shall be made to Central Government for seeking its approval for waiver of the requirement for recovery of excess remuneration paid to Mr. Rajeev Jhavar.

The Board of Directors recommends the passing of this Special Resolution. Apart from Mr Rajeev Jhavar, Mr. Brij K Jhavar, being a relative of Mr. Rajeev Jhavar may be deemed to be concerned or interested in passing of the resolution to the extent of the excess remuneration paid to him.

#### **Item No. 7**

The members at the twenty second annual general meeting of the Company held on July 30, 2008, had approved the re-appointment and remuneration of Dr. P Bhattacharya, as the Joint Managing Director of the Company for a period from May 15, 2008 to August 4, 2011 by way of an ordinary resolution. As per the said resolution, the remuneration payable to Dr. P Bhattacharya is subject to the maximum amount prescribed under Schedule XIII of the Companies Act, 1956 (“the Act”).

In addition to the above, due to inadequacy and absence of profits during the financial year 2011-2012, the managerial remuneration paid to Dr. P Bhattacharya was in excess of the maximum permissible limit as prescribed under Schedule XIII of the Act. The reasons for absence of profit and other details have been set out under the heading “Other Information” under item no.13 of this Explanatory Statement. The remuneration paid to Dr. P Bhattacharya for the financial year 2011 – 12 was Rs.47.41 lacs, including Rs.39.16 lacs being excess (over remuneration payable in accordance with provisions of Schedule XIII of the Act), arising as a consequence of absence of profits.

Section 309 of the Act inter alia provides that members may waive, subject to receipt of permission from Central Government, the recovery of any excess remuneration paid to any director over the remuneration payable to him in accordance with the provisions of Schedule XIII the Act. Further, proviso to sub-section C of section II of Part – II of Schedule XIII to the Act, requires the company to pass a Special Resolution at the general meeting approving the remuneration for a period not exceeding three years. Hence, the Special Resolution is being proposed.

The Board of Directors at its meeting held on 10th May, 2012 has considered the extensive expertise of Dr. P Bhattacharya and his significant contribution to the growth of the Company and the fact that the remuneration paid to him is clearly justified by his long experience and achievements and have accordingly ratified, confirmed and approved, subject to the approval of the shareholders and of the Central Government, the payment of aforesaid remuneration, in excess of the limits prescribed under Schedule XIII of the Act and have decided

to waive the recovery of the excess remuneration paid to Dr. P Bhattacharya, subject to approval of the Central Government in this regard. An application in this regard, shall be made to Central Government for seeking its approval for waiver of the requirement for recovery of excess remuneration paid to Dr. P Bhattacharya.

The Board of Directors recommends the passing of this Special Resolution. Dr. P Bhattacharya retired from the services of the Company w.e.f August 4, 2011 on attaining the age of superannuation.

#### **Item No. 8**

The members at the twenty fourth annual general meeting of the Company held on July 27, 2010, had approved the appointment and remuneration of Dr. Vijay Sharma, as the Joint Managing Director [Steel Business] of the Company for a period of five years with effect from February 01, 2010 by way of an ordinary resolution. As per the said resolution, the remuneration payable to Dr. Vijay Sharma is subject to the maximum amount prescribed under Schedule XIII of the Companies Act, 1956 (“the Act”).

In addition to the above, due to inadequacy and absence of profits during the financial year 2011-2012, the managerial remuneration paid to Dr. Vijay Sharma was in excess of the maximum permissible limit as prescribed under Schedule XIII of the Act. The reasons for absence of profit and other details have been set out under the heading “Other Information” under item no.13 of this Explanatory Statement. The remuneration paid to Dr. Vijay Sharma for the financial year 2011 – 12 was Rs.214.94 lacs, including Rs.190.94 lacs being excess (over remuneration payable in accordance with provisions of Schedule XIII of the Act), arising as a consequence of absence of profits.

Section 309 of the Act inter alia provides that members may waive, subject to receipt of permission from Central Government, the recovery of any excess remuneration paid to any director over the remuneration payable to him in accordance with the provisions of Schedule XIII the Act. Further, proviso to sub-section C of section II of Part – II of Schedule XIII to the Act, requires the company to pass a Special Resolution at the general meeting approving the remuneration for a period not exceeding three years. Hence, the Special Resolution is being proposed.

The Board of Directors at its meeting held on 10th May, 2012 has considered the extensive expertise of Dr. Vijay Sharma and his significant contribution to the growth of the Company and the fact that the remuneration paid to him is clearly justified by his long experience and achievements and have accordingly ratified, confirmed and approved, subject to the approval of the shareholders and of the Central Government, the payment of aforesaid remuneration, in excess of the limits prescribed under Schedule XIII of the Act and have decided to waive the recovery of the excess remuneration paid to Dr. Vijay Sharma, subject to approval of the Central Government in this regard. An application in this regard, shall be made to Central Government for seeking its approval for waiver of the requirement for recovery of excess remuneration paid to Dr. Vijay Sharma.

The Board of Directors recommends the passing of this Special Resolution. No other director except Dr. Vijay Sharma, is deemed to be concerned or interested in passing of the resolution to the extent of the excess remuneration paid to him.

#### **Item No.9**

The members at the twenty fourth annual general meeting of the Company held on July 27, 2010, had approved the appointment and remuneration of Mr. P K Jain, as the Joint Managing Director [Wire & Wire Ropes Business] of the Company for a period of five years with effect from February 01, 2010 by way of an ordinary resolution. As per the said resolution, the remuneration payable to Mr. P K Jain is subject to the maximum amount prescribed under Schedule XIII of the Companies Act, 1956 (“the Act”).

In addition to the above, due to inadequacy and absence of profits during the financial year 2011-2012, the managerial remuneration paid to Mr. P K Jain was in excess of the maximum permissible limit as prescribed under Schedule XIII of the Act. The reasons for absence of profit and other details have been

set out under the heading "Other Information" under item no. 13 of this Explanatory Statement. The remuneration paid to Mr. P K Jain for the financial year 2011 – 12 was Rs.156.61 lacs, including Rs.132.61 lacs being excess (over remuneration payable in accordance with provisions of Schedule XIII of the Act), arising as a consequence of absence of profits.

Section 309 of the Act inter alia provides that members may waive, subject to receipt of permission from Central Government, the recovery of any excess remuneration paid to any director over the remuneration payable to him in accordance with the provisions of Schedule XIII the Act. Further, proviso to sub-section C of section II of Part – II of Schedule XIII to the Act, requires the company to pass a Special Resolution at the general meeting approving the remuneration for a period not exceeding three years. Hence, the Special Resolution is being proposed.

The Board of Directors at its meeting held on 10th May, 2012 has considered the extensive expertise of Mr. P K Jain and his significant contribution to the growth of the Company and the fact that the remuneration paid to him is clearly justified by his long experience and achievements and have accordingly ratified, confirmed and approved, subject to the approval of the shareholders and of the Central Government, the payment of aforesaid remuneration, in excess of the limits prescribed under Schedule XIII of the Act and have decided to waive the recovery of the excess remuneration paid to Mr. P K Jain, subject to approval of the Central Government in this regard. An application in this regard, shall be made to Central Government for seeking its approval for waiver of the requirement for recovery of excess remuneration paid to Mr. P K Jain.

The Board of Directors recommends the passing of this Special Resolution. No other director except Mr. P K Jain, is deemed to be concerned or interested in passing of the resolution to the extent of the excess remuneration paid to him.

#### Item No. 10

As the members are aware, Mr. Rajeev Jhawar was re - appointed as Managing Director of the Company for a period of five years w.e.f. May 19, 2008 at the Twenty Second Annual General Meeting of the Company on the remuneration, perquisites, benefits and facilities as stated in the resolution and passed therein.

Due to inadequacy and absence of profits, the Remuneration Committee of the Board and Board of Directors, at their meetings held on 9th May, 2012 and 10th May, 2012 respectively have considered, subject to approval of members and Central Government, the payment of minimum remuneration as mentioned in the foregoing Resolution No. 10 to Mr Rajeev Jhawar. Taking into consideration, his roles, responsibilities, experience and managerial expertise and current and future expansion plans of the Company, Board of Directors and Remuneration Committee are of the considered view that the remuneration proposed in the Resolution should be paid as minimum remuneration even in case of inadequacy or absence of profits.

An abstract of the terms and conditions governing the appointment of Mr. Rajeev Jhawar, as the Managing Director of the Company and the memorandum of interest of director therein pursuant to provisions of Section 302 of the Act have been sent to the members of the Company.

No Director of the Company except Mr. Rajeev Jhawar and Mr. Brij K Jhawar, being a relative of Mr. Rajeev Jhawar is concerned or interested in this Resolution.

The information as required in terms of Schedule XIII of the Act are provided under item no 13.

#### Item No. 11

As the members are aware, Dr. Vijay Sharma was appointed as Joint Managing Director [Steel Business] of the Company for a period of five years w.e.f. February 01, 2010 at the Twenty Fourth Annual General Meeting of the Company on the remuneration, perquisites, benefits and facilities as stated in the resolution and passed therein.

Due to inadequacy and absence of profits, the Remuneration Committee of

the Board and Board of Directors, at their meetings held on 9th May, 2012 and 10th May, 2012 respectively have considered, subject to approval of members and Central Government, the payment of minimum remuneration as mentioned in the foregoing Resolution No. 11 to Dr. Vijay Sharma. Taking into consideration, his roles, responsibilities, experience and managerial expertise and current and future expansion plans of the Company, Board of Directors and Remuneration Committee are of the considered view that the remuneration proposed in the Resolution should be paid as minimum remuneration even in case of inadequacy or absence of profits.

An abstract of the terms and conditions governing the appointment of Dr. Vijay Sharma, as the Joint Managing Director [Steel Business] of the Company and the memorandum of interest of director therein pursuant to provisions of Section 302 of the Act have been sent to the members of the Company.

No Director of the Company except Dr. Vijay Sharma is concerned or interested in this Resolution.

The information as required in terms of Schedule XIII of the Act are provided under item no 13.

#### Item No. 12

As the members are aware, Mr. P K Jain was appointed as Joint Managing Director [Wire & Wire Ropes Business] of the Company for a period of five years w.e.f. February 01, 2010 at the Twenty Fourth Annual General Meeting of the Company on the remuneration, perquisites, benefits and facilities as stated in the resolution and passed therein.

Due to inadequacy and absence of profits, the Remuneration Committee of the Board and Board of Directors, at their meetings held on 9th May, 2012 and 10th May, 2012 respectively have considered, subject to approval of members and Central Government, the payment of minimum remuneration as mentioned in the foregoing Resolution No.12 to Mr. P K Jain. Taking into consideration, his roles, responsibilities, experience and managerial expertise and current and future expansion plans of the Company, Board of Directors and Remuneration Committee are of the considered view that the remuneration proposed in the resolution should be paid as minimum remuneration even in case of inadequacy or absence of profits.

An abstract of the terms and conditions governing the appointment of Mr. P K Jain, as the Joint Managing Director [Wire & Wire Ropes Business] of the Company and the memorandum of interest of director therein pursuant to provisions of Section 302 of the Act have been sent to the members of the Company.

No Director of the Company except Mr. P K Jain is concerned or interested in this Resolution.

The information as required in terms of Schedule XIII of the Act are provided under item no 13

#### Item No. 13

**The general information as per proviso (IV) of Part II of Section II of Section C of Schedule XIII of the Companies Act, 1956 applicable to managerial personnel**

- Nature of industry** – The Company is engaged in manufacture of steel, steel products and wire & wire ropes.
- Date of commencement of commercial production** - The Company is in operation since 1986.
- In case of new company, expected date of commencement of activities**- Not applicable.
- Financial performance based on given indicators** – (Rs.in Crs)

	31-Mar-12	31-Mar-11	31-Mar-10
Sales	3080.76	2740.24	1960.03
Profit before tax	(43.81)	145.30	139.20
Profit after tax	(32.77)	99.53	92.21
Shareholder's funds	1531.54	1557.06	1499.69
Total Assets	5907.69	4780.00	3991.90

5. **Exports performance** – The Company's exports for the past 3 years are as follows: (Rs. in Crs.)

	31-Mar-12	31-Mar-11	31-Mar-10
Exports (FOB)	468.14	395.61	455.44

6. **Foreign investments / collaborators, if any** – There are no foreign collaborators at present. However, foreign institutional investors are holding equity in the Company.

7. **Information about the appointees :**

**a. Mr. Rajeev Jhavar**

- i. Background details - Mr. Rajeev Jhavar son of Mr. Brij K Jhavar is one of the promoters and has been associated with the business of the Company since 1987. Mr. Jhavar is a Commerce Graduate and underwent Management Development course at London Business School. He has been the Managing Director of the Company since 1998.

- ii. Past remuneration – Mr. Rajeev Jhavar was paid the following remuneration: (Rs. in lacs)

	31-Mar-12	31-Mar-11	31-Mar-10
Salary	36.00	36.00	32.40
Commission	-	317.17	300.83
Allowances	18.00	23.70	18.90
Perquisites	35.75	26.94	21.05
Contribution to PF & other funds	9.48	14.96	20.69
<b>Total</b>	<b>99.23</b>	<b>418.77</b>	<b>393.87</b>

- iii. Recognition /Awards – Due to his able guidance, the company has earned several recognitions for its' products and initiatives in Corporate Social Responsibilities.

- iv. Job profile and his suitability - Mr. Rajeev Jhavar, the Managing Director, subject to the supervision and control of the Board of Directors is responsible for overall management of the affairs of the Company. He is also responsible to perform such other duties as may from time to time be entrusted to him by the Board. Taking into consideration his qualification, experience and expertise in the affairs and activities of the Company, he is best suited for the responsibilities assigned to him by the Board of Directors.

- v. Remuneration Proposed – As stated in the Resolution No.10 of the convening notice.

- vi. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person – Having regard to the size of the Company, versatile experience and expertise of Mr. Jhavar and responsibilities of the position held by him, the Board of Directors is of the opinion that the proposed remuneration is reasonable.

- vii. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel - Mr. Rajeev Jhavar is the promoter of the Company holding 1,586,526 equity shares of Re./- each amounting to 0.52.% of the paid up capital of the Company (as on March 31, 2012). He is the son of Mr. Brij K Jhavar, promoter- director of the Company.

**b. Dr. P Bhattacharya**

- i. Background details - Dr. P Bhattacharya has been associated with the Company since 1998. Dr. Bhattacharya did his M. Tech in Design Engineering and Ph.D in Solid Mechanics from IIT, New Delhi. Dr. Bhattacharya has over 41 years of experience in managing large industrial enterprises. Prior to joining the Company he was associated with National Aluminum Company,

INDAL and Essar Steel.

- ii. Past remuneration – Dr. P Bhattacharya was paid the following remuneration: (Rs.in lacs)

	31-Mar-12*	31-Mar-11	31-Mar-10
Salary	11.35	33.00	29.70
Commission	-	158.58	150.41
Allowances	12.49	37.90	33.47
Perquisites	19.70	1.94	2.25
Contribution to PF & other funds	3.87	16.30	10.16
<b>Total</b>	<b>47.41</b>	<b>247.72</b>	<b>225.99</b>

\* Dr. P Bhattacharya retired from the services of the Company w.e.f August 4, 2011, on attaining the age of superannuation.

- iii. Recognition /Awards – Due to his able guidance, the Company has earned several recognitions for its' products and initiatives in Corporate Social Responsibilities.

- iv. Job profile and his suitability - Dr. P Bhattacharya as Joint Managing Director subject to the supervision and control of the Board of Directors was responsible for overall management of the affairs of the Company. He was also responsible to perform such other duties as may from time to time be entrusted to him by the Board. Taking into consideration his qualification, experience and expertise in the affairs and activities of the Company, he was best suited for the responsibilities assigned to him by the Board of Directors.

- v. Remuneration Proposed – As stated in the Resolution No. 7 of the convening notice.

- vi. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person – Having regard to the size of the Company, versatile experience and expertise of Dr. P Bhattacharya and responsibilities of the position held by him, the Board of Directors is of the opinion that the remuneration paid to him was reasonable.

- vii. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel - Dr. P Bhattacharya is not having any other pecuniary relationship with the Company, its' promoters or any other managerial personnel. Dr. P Bhattacharya was holding 3,500 equity shares of Re./- each amounting to 0.0012% of the paid up capital of the Company.

**c. Dr. Vijay Sharma**

- i. Background details - Dr. Vijay Sharma joined the Company in February, 2010 as Executive Director and Chief Executive [Steel Business], He was later re - designated as Jt. Managing Director [Steel Business], Dr. Sharma is a Metallurgical Engineer from IIT, Kharagpur, he completed his MS in Materials Engineering from Rensselaer Polytechnic Institute [RPI], New York, USA. He has also done MBA from XLRI, Jamshedpur and Ph.D from Anna University, Chennai. Dr. Sharma has extensive work experience in fields of project execution, plant operations and overall management in various capacities across different companies in steel business such as Mukand, JSW and SISCOL.

- ii. Past remuneration – Dr. Vijay Sharma was paid the following remuneration: (Rs. in lacs)

	31-Mar-12	31-Mar-11	31-Mar-10*
Salary	66.00	88.28	14.25
Incentive	42.00	-	-
Allowances	72.39	74.99	11.57
Perquisites	23.55	14.41	2.06
Contribution to PF & other funds	11.00	7.96	0.96
<b>Total</b>	<b>214.94</b>	<b>185.64</b>	<b>28.84</b>

\* Remuneration is for part of the year.

- iii. Recognition /Awards – Due to his able guidance, the Company has earned several recognitions for its' products and initiatives in Corporate Social Responsibilities.
- iv. Job Profile and his suitability - Dr. Vijay Sharma as Joint Managing Director [Steel Business] subject to the supervision and control of the Board of Directors, is responsible for overall management of the affairs of Steel Business. Taking into consideration his qualification, experience and expertise in the affairs and activities of the Company and in particular the Steel Business, he is best suited for the responsibilities assigned to him by the Board of Directors.
- v. Remuneration Proposed – As stated in the Resolution No. 11 of the convening notice.
- vi. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person - Having regard to the size of the Company and in particular the complexity involved in Steel Business, versatile experience and expertise of Dr. Vijay Sharma and responsibilities of the position held by him, the Board of Directors is of the opinion that the proposed remuneration is reasonable.
- vii. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel - Dr. Vijay Sharma is not having any other pecuniary relationship with the Company, its' promoters or any other managerial personnel. Dr. Vijay Sharma is presently holding 10,400 shares of Re. 1/- each amounting to 0.0047% of the paid up capital of the Company (as on March 31, 2012).

**d. Mr. P K Jain**

- i. Background details - Mr. P K Jain joined the Company in 2010 as Executive Director and Chief Executive [Wire & Wire Ropes Business], He was later re - designated as Jt. Managing Director [Wire & Wire Ropes Business], Mr. Jain is a B. Tech (Mechanical Engineering) and MBA (General Management & Finance). Mr. Jain commands rich experience in operations, project implementation, product marketing, brand building, setting up dealers and distribution networks apart from in fields of production, maintenance, quality, cost optimization, etc. during his total work experience of over 37 years in wire, wire ropes and related areas across various companies in India and abroad.
- ii. Past remuneration – Mr. P K Jain was paid the following remuneration: (Rs. in lacs)

	31-Mar-12	31-Mar-11	31-Mar-10*
Salary	51.00	65.49	10.00
Incentive	30.00	-	-
Allowances	54.00	52.20	8.00
Perquisites	13.96	5.07	1.28
Contribution to PF & other funds	7.65	7.70	0.72
<b>Total</b>	<b>156.61</b>	<b>130.46</b>	<b>20.00</b>

\* Remuneration is for part of the year

- iii. Recognition /Awards – Due to his able guidance, the Company has earned several recognitions for its' products and initiatives in Corporate Social Responsibilities.
- iv. Job profile and his suitability – Mr. P K Jain as Joint Managing Director [Wire & Wire Ropes Business] subject to the supervision and control of the Board of Directors, is responsible for overall management of the affairs of Wire & Wire Ropes Business. Taking into consideration his qualification, experience and expertise in the affairs and activities of the Company and in particular the Wire & Wire Ropes Business, he is best suited for

the responsibilities assigned to him by the Board of Directors.

- v. Remuneration Proposed – As stated in the Resolution No. 12 of the convening notice.
- vi. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person - Having regard to the size of the Company and in particular the challenges faced by Wire & Wire Ropes Business of the Company and maintaining the position as a market leader in the segment and the versatile experience and expertise of Mr. P K Jain and responsibilities of the position held by him, the Board of Directors is of the opinion is that the proposed remuneration is reasonable.
- vii. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel - Mr. P K Jain is not having any other pecuniary relationship with the Company, its' promoters or any other managerial personnel. Mr. P K Jain is not holding any shares of the Company.

**8. Other information:**

- a. Reasons for loss /inadequacy of profits - The business environment was immensely challenging and margins remained under pressure due to rising cost of inputs, interest cost and un-favorable movement in foreign exchange rate. As a result the Company has incurred loss of Rs. 32.77 crs during financial year 2011 – 12 on standalone basis against Profit of Rs. 99.53 crs in previous year.
- b. Steps taken or proposed to be taken for improvement – To address these challenges, the Company has initiated several measures towards achieving organizational and operating efficiencies and strengthening core competencies, alongside working on improvements in processes and controls. These cut across manufacturing, supply chain, quality and other domains, and address issues of cost controls, value analysis and value engineering.
- c. Expected increase in productivity and profits in measurable terms – In next two to three years, the Company is likely to achieve the production of 1 million metric tonne of steel per annum from current level of about 0.5 million metric tonne. The above measures undertaken are expected to yield positive results in the coming years. While it is difficult to give precise figures, the above initiatives are expected to improve the financial performance of the Company.

**9. Disclosures**

- a. The remuneration package of the managerial personnel for the years from 2010 to 2012 are given above.
- b. The following information has been disclosed in the Board of Directors' Report under the heading 'Corporate Governance' attached to the annual report for the year 2011 -12.
  - i. All elements of remuneration package such as salary, benefits, bonuses, stock options, pensions, etc. of the directors.
  - ii. Details of fixed components and performance linked incentive alongwith performance criteria.
  - iii. Service contracts, notice period, Severance fees.
  - iv. Stock option details, if any and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.
- c. The Company has not made any default in payment of any debts or debentures or interest payable thereon for a continuous period of 30 days in the preceding financial years before the respective dates of re-appointments/ appointments of Mr. Rajeev Jhavar, Dr. P. Bhattacharya, Dr. Vijay Sharma and Mr. P K Jain.





## Usha Martin Limited

2A, Shakespeare Sarani, Kolkata – 700 071

### PROXY FORM

I / We.....  
of.....  
being a Member/Members of Usha Martin Limited, hereby appoint.....  
of.....or failing him/her.....  
of.....or failing him/her.....  
of.....as my/ our proxy to attend and to vote for me/us on my/ our behalf at the twenty sixth Annual General Meeting of the Company to be held at Vidya Mandir, 1, Moira Street, Kolkata – 700 071 on Tuesday, 31st day of July, 2012 at 2.00 p.m. and at any adjournment thereof.

Signed this..... day of .....2012

Affix Re 1  
Revenue  
Stamp

Signature(s) of the Shareholder(s) (1)..... (2)..... (3).....

DP ID No.....Folio No./ Client I.D. No.....No. of Shares held.....

**Note:**

The Proxy form must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid Meeting



## Usha Martin Limited

2A, Shakespeare Sarani, Kolkata – 700 071

### ATTENDANCE SLIP

DP ID No.	Attending as	Shareholder/Proxy
Folio No./Client I.D. No.	Representing No. of Shares	

I hereby record my presence at the twenty sixth Annual General Meeting of the Company to be held at Vidya Mandir, 1, Moira Street, Kolkata – 700 071 on Tuesday, 31st day of July, 2012 at 2.00 p.m. and at any adjournment thereof.

.....

Name of the Shareholder/Proxy  
IN BLOCK LETTERS

.....  
Signature of the Shareholder/Proxy

**Notes:**

Please fill the admission slip and hand it over at the entrance of the hall.  
Please strike out whichever is not applicable.

# Financial Summary

## Standalone

(Rs/crs except mentioned)

	31-03-03	31-03-04	31-03-05	31-03-06	31-03-07	31-03-08	31-03-09	31-03-10	31-03-11	31-03-12
Gross Turnover	809.22	868.77	1270.58	1377.18	1573.74	1852.77	2307.21	1960.03	2742.24	3080.76
Net Turnover	733.95	790.91	1189.87	1231.78	1408.60	1655.90	2127.23	1850.39	2526.70	2836.89
PBIDT	161.48	163.09	198.93	249.89	285.98	357.01	422.43	359.49	496.02	408.80
Profit Before Tax	13.35	23.27	58.27	100.74	138.40	200.71	214.04	139.21	145.30	-43.81
Profit After Tax	8.22	15.52	40.87	64.96	101.48	144.83	146.56	92.21	99.53	-32.77
EPS - (Rs.) #	2.58	4.19	11.04	16.20	22.54	5.76	5.86	3.53	3.23	-1.08
Rate of Dividend - (%)	10%	15%	30%	55%	75%	100%	100%	100%	100%	-
Net Fixed Assets	898.18	898.43	893.78	954.28	1097.07	1449.08	2331.07	2857.54	3130.00	3671.38
Net Current Assets	337.04	359.53	345.09	301.86	353.62	372.47	681.46	185.21	463.78	665.19
Including Cash & Bank Balances	42.57	28.12	38.97	51.75	37.08	46.36	76.47	10.30	113.01	253.18
Debt	835.05	877.19	825.93	687.61	749.37	943.20	2061.23*	1560.91*	2008.80*	2788.14*
Net Worth	403.82	419.44	444.79	587.36	717.96	897.38	1015.55	1499.69	1557.06	1531.54
Debt Equity Ratio (X)	2.07	2.09	1.86	1.17	1.04	1.05	2.03	1.04	1.29	1.82

## Consolidated

(Rs/crs except mentioned)

	31-03-03	31-03-04	31-03-05	31-03-06	31-03-07	31-03-08	31-03-09	31-03-10	31-03-11	31-03-12
Gross Turnover	1117.62	1145.39	1648.48	1969.31	2148.42	2527.66	3146.79	2630.33	3266.42	3614.74
Net Turnover	1033.30	1062.52	1550.26	1801.96	1964.71	2308.77	2949.85	2514.41	3044.59	3360.82
PBDIT	187.35	194.49	243.93	313.41	367.96	444.94	531.36	495.01	595.03	497.76
Profit Before Tax	9.63	25.54	70.68	126.47	182.92	246.84	280.59	240.04	204.07	11.40
Profit After Tax	3.23	16.36	50.08	84.34	137.44	175.38	185.33	168.62	137.03	3.61
EPS - (Rs.) #	1.01	4.42	13.53	21.03	30.52	6.97	7.41	6.46	4.50	0.12
Net Fixed assets	1089.84	1117.23	1107.01	1194.77	1377.89	1740.97	2623.22	3177.69	3440.37	3988.73
Net Current Assets	461.87	462.19	429.21	423.40	519.26	528.91	924.84	420.67	740.32	1006.57
Including Cash & Bank Balances	50.35	38.81	49.28	67.66	49.04	72.12	108.80	47.62	147.70	362.24
Debt	1112.62	1134.88	1047.25	865.11	963.03	1137.47	2266.37*	1716.58*	2155.47*	2931.62*
Net Worth	368.26	383.67	415.16	606.01	773.41	967.39	1135.50	1687.52	1784.34	1830.28
Debt Equity Ratio (X)	3.02	2.96	2.52	1.43	1.25	1.18	2.00	1.02	1.21	1.60

# Face value of each equity share is Rs.5 upto FY 07 and Re.1 thereafter

\* Including capex L/Cs

# BOOK POST

**Usha Martin Limited**

2A, Shakespeare Sarani

Kolkata - 700 071

[www.ushamartin.com](http://www.ushamartin.com)