

TOWARDS NEW HORIZONS



 **usha martin**

Annual Report 2013-14



Factory opening ceremony at Tesac Usha Wire rope Co. Ltd., Thailand

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CORPORATE INFORMATION

Board of Directors

| | |
|---------------------------|--|
| Mr. B K Jhawar | - Chairman Emeritus |
| Mr. Prashant Jhawar | - Chairman |
| Mr. Brij K Jhawar | - Director |
| Mr. S Singhal | - Director |
| Mrs. Ramni Nirula | - Director |
| Mr. G N Bajpai | - Director |
| Mr. Jitender Balakrishnan | - Director |
| Mr. Nripendra Misra | - Director (upto 26th May, 2014) |
| Mr. R S Thakur | - Director |
| Mr. Rajeev Jhawar | - Managing Director |
| Mr. P K Jain | - Jt. Managing Director [Wire & Wire Ropes Business] |
| Dr. Vijay Sharma | - Jt. Managing Director [Steel Business] (upto 25th May, 2014) |

Senior Management

India

| | |
|-----------------------|---|
| Mr. A K Somani | - Chief Financial Officer & Company Secretary |
| Mr. Pavan Trivedi | - President [Commercial & Accounts] |
| Mr. Debasish Mazumder | - Associate President [Steel] |
| Mr. Ashutosh Dixit | - Associate President [Wire & Wire Rope Business] |
| 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. 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 | - Divisional Managing Director – European Management & Marine Corporation Limited |
| Mr. Len Allen | - Director Operations – Brunton Shaw UK |
| Mr. Henk Steenberg | - General Manager – De Ruyter Staalkabel B.V |
| Mr. Franco Clerici | - Director - Group R & D and Technical Services- Usha Martin Italia SRL |

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 | - GM, Sales & Marketing – Brunton Wolf Wire Ropes, Fzco. |
|-----------------|---|

United States of America

| | |
|----------------------|---|
| Mr. Jeffrey Schipani | - President – Usha Martin Americas Inc. |
|----------------------|---|

Registered & Corporate Office :

2A, Shakespeare Sarani
Kolkata – 700 071, India
CIN : L31400WB1986PLC091621
Phone : 033 – 39800300; Fax : 033 – 39800400
Email : investor_relation@ushamartin.co.in
Website : www.ushamartin.com

Works :

India

Adityapur, Jamshepur
Tatilswai, Ranchi
Hoshiarpur, Punjab
Sri Perumbudur, Tamil Nadu
Silvassa, (U M Cables)

Overseas

Navanakoran Industrial Estate, Thailand (Usha Siam Steel Industries)
Jebel Ali Free Zone, Dubai, UAE (Brunton Wolf Wire Ropes)
Worksop, Nottinghamshire, UK (Usha Martin UK)

Mines :

Barajamda, Jharkhand
Daltonganj, Jharkhand

Bankers :

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

Auditors :

Price Waterhouse
Kolkata

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

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

The Board of Directors of Usha Martin Limited presents the 28th Annual Report and audited accounts for the financial year ended 31st March, 2014.

FINANCIAL RESULTS

(Rs. in Crore)

| | Stand Alone | | Consolidated | |
|---|----------------|----------------|----------------|----------------|
| | 31 March, 2014 | 31 March, 2013 | 31 March, 2014 | 31 March, 2013 |
| Net Sales / Income from Operations | 3,287.12 | 3,044.53 | 4,073.83 | 3,621.83 |
| Other Income | 77.83 | 43.22 | 92.49 | 89.08 |
| Net Sales and Other Income | 3,364.95 | 3,087.75 | 4,166.32 | 3,710.91 |
| Profit Before Depreciation & Tax | 266.65 | 245.56 | 359.87 | 367.34 |
| Depreciation | 303.51 | 235.24 | 333.20 | 263.84 |
| Profit Before Tax | (-)36.86 | 10.32 | 26.67 | 103.50 |
| Tax expenses (including MAT and deferred tax) | (-)11.18 | 3.27 | 13.45 | 21.24 |
| Profit After Tax | (-)25.68 | 7.05 | 13.22 | 82.26 |
| Minority Interest | | | (-)2.52 | (-)3.42 |
| Profit after Taxation and Minority interest | | | 10.70 | 78.84 |
| Profit Brought Forward from Previous Year | 22.37 | 22.67 | 332.70 | 267.38 |
| Appropriations are made as under: | | | | |
| -General Reserve | | 2.00 | | 4.08 |
| - Transfer to Capital Redemption Reserve | | | 8.00 | 4.00 |
| -Proposed Dividend on Equity Shares and tax thereon | | 5.35 | 0.23 | 5.44 |
| -Balance Carried Forward to next year | (-)3.31 | 22.37 | 335.17 | 332.70 |

Review of Operations

The turnover for the year increased to Rs. 4,073.83 Crore on consolidated basis and Rs. 3,287.12 Crore on standalone basis against Rs. 3,621.83 Crore and Rs. 3,044.53 Crore respectively in the previous year.

The Company's operating profit increased to Rs. 799.43 Crore. on consolidated basis and Rs. 692.82 Crore on standalone basis from Rs. 705.20 Crore and Rs. 572.33 Crore respectively. On consolidated basis, the Company achieved profit after tax and minority interest of Rs. 10.70 Crore against Rs. 78.84 Crore in previous year, but on standalone basis, the Company reported loss of Rs. 25.68 Crore against profit of Rs.7.05 Crore in the previous year.

Dividend

In view of the above results, the Board of Directors are not in a position to recommend a dividend for the year under review.

Business Outlook

Whilst the global economy has in general made a modest

recovery, growth in the Indian economy has declined and in certain key sectors remained in negative during the current financial year. The lower or negative growth and depressed productivity indices, when combined with the Company's investment in strengthening the vertical integration and transition has been taking its toll on the Company's performance.

However, after a prolonged period of economic gloom and concerns, the macro economic trends appear to be reversing as of the last quarter of FY'14. As this shift combines with a reduction of political uncertainty, we can expect a resulting improvement in the business conditions both for Usha Martin and wider Indian economy.

These shifts in the economic circumstances, when combined with Company's long term advantage of increasingly high levels of vertical integration from mineral resources to value added products - puts the Company in a good medium term position to yield increasingly better results.

In order to significantly strengthen its cost base and yield the

results from its capital assets, the Company is continuing to invest, as part of its long-term optimisation plan, in balancing equipments, plant infrastructure / facilities and strengthening the management team & process.

Projects

The cost optimisation projects put to commercial use during the financial year 2013-14 include Coke Oven Plant, Ore Beneficiation and Pellet Plant, DRI IV, 35 MW Captive Power Plant.

Subsidiaries

The international subsidiaries provide significant synergy and support to the Company's wire rope business and performance. Further, all the operating subsidiaries of the Company have continued to perform reasonably well in the economic and business circumstances prevailed during the year under review.

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 reported satisfactory results in the year under review.

TPM & Quality

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.

The TQM journey of Wire & Wire Rope Division for further strengthening competitiveness is progressing well to ensure long term benefits to the Company.

Environment

Steel Division and Wire Ropes & Speciality Products Division operate 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.

Wire Rope & Specialty Products Division is driving 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. The Division is also focused on reducing air pollution by converting from oil to LPG and eliminating emission of un-burnt fuels in atmosphere.

Human Resources

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, 2014, there are no unclaimed deposits with the Company.

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.

A detailed report on Corporate Governance is annexed.

Directors

Mr. P Jhavar and Mr. P K Jain are retiring by rotation and offer themselves for reappointment.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 the existing independent directors namely Mr. G N Bajpai, Mr. Jitender Balakrishnan, Mr. Salil Singhal and Mrs. Ramni Nirula are being appointed for a term of 5 years w.e.f 31st July 2014. Mr. R S Thakur ceased to be an independent director w.e.f 27th May, 2014 but continues to be on the board as a non executive director w.e.f 28th May, 2014.

Mr. Nripendra Misra ceased to be a director w.e.f 26th May, 2014. Your Directors place on record their deep appreciation for the valuable contribution made by him for the progress of your Company. We sincerely wish him great success in his new role in serving the country.

Further, it is noted that in the current year Dr. Vijay Sharma, Jt. Managing Director (Steel Business) resigned from the services of the Company. Your Directors place on record their appreciation for his contribution in the development of the Company.

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, 2014 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/loss of the Company for year under review;

- (iii) 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, 2014 have been prepared on a going concern basis.

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, 2014.

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 for a further period of 2 years.

With reference to remarks made by Auditors vide clause (xvii) in the Annexure to their report of 27th May, 2014; the directors are of the view the use of short-term funds namely credit facilities, reduction of current assets and increase of credits to support ongoing projects was required to avail benefits of mineral integration. The appropriate action will be taken to reduce /correct the imbalance caused.

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 2013-14 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 earnings and outgo are given in the Annexure attached hereto and form part of this Report.

Corporate Social Responsibility

Usha Martin is alive to its' Corporate Social Responsibility and understands the critical role it plays in ensuring the long terms sustainability of a resource based company, and it has accordingly been giving this a high priority.

In compliance with the requirement of the Companies Act, 2013, the Company has formed a Corporate Social Responsibility Committee.

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 the 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
27th May 2014

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, 2014.

1. Conservation of Energy

a) Energy conservation measures taken:

- i. Company has installed Producer Gas Plants and effective utilization of BF Gas and Producer Gas in re-heating furnace at Bar Mill, Wire Rod Mill and Blooming Mill reducing oil requirement by more than 90%.
- ii. Effective implementation of Coal Injection replaced coke by 80 kg/t of hot metal in Blast Furnace operation in BF-I.
- iii. Use of washed Iron Ore Fines in sinter resulting in higher Fe in sinter leading to 10 kg/t of hot metal saving in fuel rate of Blast furnace.
- iv. Commissioning of Coke Oven battery (96 Ovens).
- 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. Effective utilization of waste heat recovery for power generation from DRI 1-5.
- ix. Company has installed char processing plant. This helps to consume entire char generation from DRI 1-5 as a fuel for power generation at CPP.
- x. Installed water flow meter for monitoring & judicious utilization of water thereby reducing pumping requirement.
- 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-Feeders 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.
- xv. Upgradation of BF-I with introduction of Stave Coolers & increase in useful volume from 215m³ to 245m³ and introduction of PCI.

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

- i. Various steps are being taken including hydraulic electrode regulation in SMS to reduce power consumption through process improvements.
- ii. Digital Medium Voltage Ac drive will be installed on BF cold blast blowers for energy saving.
- iii. Power distribution system is augmented for reliability and energy saving.
- iv. Retrofitting of lighting saver in lighting loads and AC saver to reduce power consumption.
- v. Company is setting up two more Producer Gas Plants in Steel Melting Shop for reducing oil consumption in ladle and tundish heating.
- vi. Energy audit being conducted and action plan is initiated.
- vii. BF Gas based 3 MW CPP is augmented with synchronization scheme.

viii 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.

ix Enhancing the present capacity of WHRB 1 to 5 steam generation upto 20% by providing additional air into the Boiler for complete combustion of Loss of Ignition and Carbon Monoxide in Flue Gas.

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, Oil & Gas Sector, 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, SMS Slag, DRI fines in sinter.
 - v. Use of EAF Slag in Sinter & Blast furnace to reduce specific consumption.
 - vi. Beneficiation of Iron ore fines to upgrade Fe content in iron ore.
 - vii. Development of steel products with improved surface integrity.
 - viii. Integration of R & D activities with U M Italia.
 - ix. Production of cleaner steel with low residual.
 - x. Developed a new variant of 8 strand compacted parallel closed rope. This rope is being promoted as a special crane rope for electric winches with the advantages of improved & consistent working hours as well as with better safety compared to their standard counterpart.
 - xi. Developed and supplied Galvan coated road safety barrier rope. The rope based products are the future in road safety as well as rapidly growing market.
 - xii. Developed variants of LRPC namely, galvanized wax filled PE coated for stay cable application, grease filled PE coated for other structural application, as well as indented and compacted stands to strengthen our foot prints in the structural sector.
- #### 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 market share of high end products.
- viii Improved product performance especially in highly demanding high end product market.
- ix Improved product performance has helped in achieving higher customer satisfaction level especially in highly demanding high end product market.
- x Integration of R & D activities with U M Italia has strengthened the Company's position in the selected category of special wire ropes, especially in the Crane and Structural sectors which has resulted into significant improvement in product performance and expansion of customer base.

c) Future plan of action :

- i Additional vacuum degassing system in SMS-1 & 2 shop will reduce ladle holding time and improve steel quality.
- ii Introduction of induction heating of tundish in Caster-3 will facilitate casting of critical clogging prone grades at a constant superheat thus improving blooms internal quality.
- iii In CCM-3 trials with different quality and different designs (four port) of black refractory are being planned to avoid clogging in medium carbon re-sulphurized grades to improve steel quality and productivity.
- iv Refurbish existing eddy current setup for increasing effectiveness of detecting surface defect of wire rods at high speed rolling.
- v Additional De-scaler at Wire Rod Mill to avoid secondary scale & better surface quality.
- vi 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.
- vii Addition of rollers in between the nozzles at Wire Rod Mill for controlling scratches of coils during garret rolling.
- viii Installation of Orbis Gauge at Blooming Mill and additional De-scaler for improved section control and to avoid secondary scale for better surface quality.
- ix Introduction of guides in Reversing Mill (Blooming Mill) to control collaring and kink bend.
- x Replacement of friction guide by roller guide (Blooming Mill) to control twisting of bars during RCS rolling.
- xi 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.
- xii To increase performance and manufacturing capability of special wire ropes particularly for the crane industry as this segment is expected to grow rapidly.

- xiii Development of products and increase of market share of special products for use in crane, fishing, elevator, construction and mining industry in both domestic and overseas markets.
- xiv Work closely with experts in the file of polymer engineering to develop improved polymers for our plasticated wire ropes.
- xv Installation of high pressure De-scaler at Bar Mill for improved surface of rolled product.
- xvi Upgradation at Bar Mill with higher capacity of reheating furnace, additional roller table to improve the internal as well as surface quality of bars.
- xvii Relining of BF-II for stable and higher production.

d) Expenditure on R & D:

(Rs. in lacs)

| | | |
|-----|---|--------|
| i | Capital | - |
| ii | Recurring | 289.19 |
| iii | Total | 289.19 |
| iv | Total R & D expenditure as a Percentage of total turnover | 0.08% |

II. Technology absorption, adoption and innovation :

i. Technology absorption, adoption and innovation include the following :

- (a) Bloom casting through continuous casting machine for production of special grade alloy steel and carbon steel. Caster standardized and taken into commercial production.
- (b) Static Var Compensation (SVC) installed in the main power distribution system for improving power factor.
- (c) 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, Tata International, Volvo construction, JCB, Automotive Axle, Caterpillar, WIPRO, Mahindra Sona, Eicher Volvo 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:

Entered into technical assistance agreement with AICHI STEEL CORPORATION, Japan for improving steel quality and process control in Steel Melting Shops, Rolling Mills and Finishing Area.

III. 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 | 80,673 |
| Foreign exchange used | 76,541 |

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 2014 | 31st March 2013 |
|---------------------------------------|-----------------|-----------------|
| (1) Electricity | | |
| a) Purchased | | |
| Units (Thousand KWH) | 175,509 | 266,262 |
| Total amount (Rs.in Lacs) | 11,569 | 16,361 |
| Average Rate/Unit (Rs./KWH) | 6.59 | 6.14 |
| b) Own Generation | | |
| (i) Through Diesel Generator | | |
| Units (Thousand KWH) | 1,205 | 1,407 |
| Units per Ltr. of Diesel Oil (KWH) | 2.37 | 2.30 |
| Average Cost/Unit (Rs./KWH) | 46.39 | 33.69 |
| (ii) Through Coal based Power Plant | | |
| Units (Thousand KWH) | 665,116 | 495,426 |
| Units per Kg. of Coal/Char | 1.04 | 0.91 |
| Average Cost/Unit (Rs./KWH) | 1.47 | 1.83 |
| (iii) Through Steam Turbine/Generator | | |
| Units (Thousand KWH) | 3,003 | 18,352 |
| Units per Ltr. of Fuel Oil/BF Gas | 33.00 | 84.38 |
| Average Cost/Unit (Rs./KWH) | 1.87 | 0.75 |
| (iv) Through Natural Gas | | |
| Units (Thousand KWH) | - | - |
| Units per CuM. of Natural Gas | - | - |
| Average Cost/Unit (Rs./CuM) | - | - |

| | 31st March, 2014 | | | 31st March, 2013 | | |
|--|------------------|---------|-----------|------------------|---------|-----------|
| | Process | Power | | Process | Power | |
| (2) Coal | | | | | | |
| (Specify Quality & Where Used) | | | | | | |
| (Grade 'A','B','C','D', 'E','F', 'Char/Fines') | | | | | | |
| Quantity (M.T.) | 973,776 | 642,612 | 1,616,388 | 629,230 | 542,826 | 1,172,056 |
| Total Cost (Rs.in Lacs) | | | 41,930 | | | 25,643 |
| Avg. Rate (Rs./Tonne) | | | 2,594.05 | | | 2,187.87 |
| (3) Furnace Oil | | | | | | |
| Quantity (Kilo Ltrs.) | | | 8,161 | | | 16,043 |
| Total Cost (Rs.in Lacs) | | | 3,572 | | | 6,640 |
| Avg. Rate (Rs./Litre) | | | 43.77 | | | 41.39 |
| (4) Light Diesel Oil /HSD Oil | | | | | | |
| Quantity (Kilo. Ltrs.) | | | 2,527 | | | 3,671 |
| Total Cost (Rs.in Lacs) | | | 1,494 | | | 2,175 |
| Avg. Rate (Rs./Litre) | | | 59.13 | | | 59.24 |
| (5) Propane/Butane | | | | | | |
| Quantity (Tonne) | | | 4,822 | | | 4,765 |
| Total Cost (Rs.in Lacs) | | | 3,400 | | | 3,145 |
| Avg. Rate (Rs./Tonne) | | | 70,501 | | | 65,992 |

| | 31st March, 2014 | | | 31st March, 2013 | | |
|-------------------------|------------------|-------|-------|------------------|-------|-------|
| | Process | Power | | Process | Power | |
| (6) Natural Gas | | | | | | |
| Quantity (Thousand CuM) | | | 484 | | | 2,612 |
| Total Cost (Rs.in Lacs) | | | 94 | | | 371 |
| Avg.Rate (Rs./CuM) | | | 19.52 | | | 14.21 |

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) | Pellet (per tonne) | Coke Oven (per tonne) | Own Power Generation (per kwh) |
|-------------------------------|--|-----------------------|---------------------|---------------------------|-------------------------|-----------------------------|-------------------|--------------------|--------------------|-----------------------|--------------------------------|
| Electricity (Units) | 539 | 182 | 629 | 148 | 108 | 165 | 123 | 66 | 94 | 9 | - |
| | (563) | (164) | (617) | (170) | (108) | (117) | (120) | (49) | - | - | - |
| Furnace Oil (Litres) | 0.715 | 8.270 | 2.564 | - | - | - | 10.782 | - | 2.885 | - | - |
| | (0.906) | (21.199) | (5.533) | - | - | - | (35.430) | - | - | - | - |
| Light Diesel Oil/HSD (Litres) | 3.011 | - | 2.179 | 0.030 | 0.145 | - | - | 0.088 | 0.147 | - | - |
| | (3.380) | - | (4.193) | (0.029) | (0.205) | - | - | (0.131) | - | - | - |
| Propane/Butane (Tonnes) | 0.022 | - | - | - | - | - | - | - | - | - | - |
| | (0.024) | - | - | - | - | - | - | - | - | - | - |
| Natural Gas (Thousand CuM) | - | - | - | - | - | 0.057 | - | - | - | - | - |
| | - | - | - | - | - | (0.050) | - | - | - | - | - |
| Coal (Tonnes) | - | 0.042 | 0.011 | 0.103 | 2.461 | - | 0.022 | - | 6.167 | 0.091 | 0.966 |
| | - | - | - | - | (2.551) | - | - | - | - | - | (1.096) |

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

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, 2014.

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

- (A) Employed throughout the financial year and was in receipt of remuneration for the year which in the aggregate was not less than Rs.6,000,000.
- (i) Rajeev Jhavar; 49; Managing Director; Rs.17,007,979; B. Com (Hons.); 29; 1-Oct-97; Usha Martin Industries Limited (Since merged with the Company) -Jt. Managing Director. (ii) Dr Vijay Sharma ; 59; Jt. Managing Director (Steel Business); Rs.29,569,279; B Tech, MS, MBA, PhD; 37; 6-Jan-10; JSW Steel Ltd -Jt. Managing Director and Chief Executive Officer. (iii) Pravin Kumar Jain; 60; Jt. Managing Director (Wire and Wire Ropes Business); Rs. 21,773,370; B.Tech, MBA; 37; 1-Sep-09; Brunton Wolf Wire Ropes, Fzco, Managing Director. (iv) A K Somani ; 60; Chief Financial Officer & Company Secretary; Rs. 10,662,613; B. Com., C.A. C.S; 35; 3-Apr-90; Emami Paper Mills, Vice President – Commercial. (v) Debasish Mazumdar; 50; Associate President (Steel); Rs. 7,314,740; B.E.(Metallurgy);27; 1-Sep-11;Electrotherm India Limited -President-Works. (vi) Kannan K; 53; Vice President (Engineering & Projects); Rs. 6,792,062; B.E.(Electronics & Communication), ME (Software Engineering) ;29; 20-Sep-10; JSW Steel Limited, Asst. Vice President - Engineering & Projects. (vii) Sanjay Nath; 60; Sr. Vice President Marketing (Steel); Rs. 6,175,127; B.E.(Metallurgy), D.I.M. (IGNOU);36; 4-Sep-10; Kalyani Steels Limited, Sr. Vice President -HOD Marketing & Sales.
- (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. Ashutosh Dixit; 44; Associate President (Wire & Wire Ropes Business); Rs. 4,634,826; B.Tech.(Mech. Engg.), MBA (General Management), PG Certificate (Metallurgy);21; 25-July-13; Hindalco Industries Limited - Vice President Operations.

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
27th May, 2014

On behalf of the Board of Directors
P. Jhavar
Chairman

CHAIRMAN'S MESSAGE



We are in many ways half way through this transition - with the major development phase complete and having just begun the process of optimising the assets...

Dear Shareholders,

Over the course of the last 5 years we have together invested in a unique opportunity to significantly grow Usha Martin, whilst attempting to reinforce our original ethos, values and principles enshrined by founders Shri B K Jhavar & Shri Brij K Jhavar from our birth in 1961. It has been a challenging journey for many reasons including the volatility of global market conditions, but also the scale of capacity and capability increase we have attempted to capture in order to create a 21st century world class vertically integrated steel value added company.

We are in many ways half way through this transition - with the major development phase complete and having just begun the process of optimising the assets, infrastructure, processes, protocol and senior management team - in order to yield the results promised by the capacity we have developed.

This journey has been demanding and will continue to require a significant transition in the culture, processes and focus of the organisation; this is something we recognise and are increasingly directing resources towards - including working with external consultants like Accenture and allocating a significantly larger component of the board of directors time and attention towards this transition.

We are confident this strategy and a reinvigorated management team will start to yield results in the later half of the year 2014-15.

As shareholders you have shown great trust in Usha Martin and we recognise the time has come for the management team to deliver both on your investment and rightfully continue to grow our contribution to economic and social development of Ranchi, Jamshedpur, Jharkhand and a 21st century India.

I gratefully acknowledge and appreciate the continued support and trust from all our stake holders & partners in this Journey.

Prashant Jhavar
Chairman

MANAGING DIRECTOR'S OVERVIEW



With a continuous focus on operational efficiencies, the Company expects to meet these challenges and move to a growth path in coming years.

Dear Shareholders,

While the external environment in global economy as well as Indian economy remained challenging throughout the year, the management kept its focus was on strengthening the Company to overcome adverse business environment.

In steel business, the major focus in the year has been on completion of projects to improve the process configuration. With completion of Pellet plant and Coke oven, most of the key projects in steel business are complete. The technical collaboration with Aichi Steel Corporation has progressed well in the year. Now the focus of the Company is on stabilizing the production and improving operational efficiencies.

In value added business, the Company has expanded its presence in export market. The JV with TESAC wire rope of Japan is expected to further strengthen our position in the ASEAN region. Similarly, OCEANMAX, the new wire rope from Brunton Shaw UK, is expected to deepen our presence in Oil & Gas sector.

The Company continued to strengthen its relationship with KGVK for contribution towards sustainable growth of the society and is looking forward to continue it as a part of corporate social responsibility.

While the global business environment continues to be challenging, the Indian economy is showing some signs of improvement. With a continuous focus on operational efficiencies, the company expects to meet these challenges and move to a growth path in coming years.

Rajeev Jhavar
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

Economic Overview

The global economic conditions continued to remain sub-optimal even during financial year 2013-14. The global economic growth in calendar year 2013 slipped further down to 3.0% from 3.2% in 2012 and 4.0% in 2011. While the advanced economies achieved a lower growth of 1.3% in 2013 compared to 1.4% in 2012 and 1.7% in 2011, the emerging and developing economies also slowed down to 4.7% during 2013 from 5.1% in 2012 & 6.3% in 2011. The Euro Area economy continuing to remain sluggish with negative growth of 0.5% against estimated negative of 0.3% and actual negative 0.7% in 2012 but positive 1.6% in 2011, suggests that the factors which caused economic conditions to remain subdued not only prevail but are likely to remain challenging for achieving estimated growth of 1.2% in 2014.

The World Economic Outlook (World Bank) has forecasted growth Advanced Economies and Emerging/ Developing Economies at 3.6%, 2.2% and 4.9% respectively in 2014 and expects average global growth improving to 3.9% and that of Emerging and Developing countries to about 5.3% in 2015.

| Global GDP Growth | | | | |
|---------------------------------|-------------|-------------|-------------|-------------|
| | 2012 (A) | 2013 (A) | 2014 (E) | 2015 (E) |
| World | 3.2% | 3.0% | 3.6% | 3.9% |
| Advanced Economies | 1.4% | 1.3% | 2.2% | 2.3% |
| - USA | 2.8% | 1.9% | 2.8% | 3.0% |
| - Euro | -0.7% | -0.5% | 1.2% | 1.5% |
| Emerging & Developing Economies | 5.1% | 4.7% | 4.9% | 5.3% |

Source : IMF World Economic Outlook

The Indian economy registered a GDP growth of 4.9% in FY'14 against 4.5% in FY'13. Even this marginal improvement was on account of Agriculture growth of 4.6% in FY'14 against 1.4% in FY'13. In fact, the growth in non-agriculture sectors came down in FY'14. The Industry & Infrastructure growth declined further from already a very low level of 1.0% in FY '13 to 0.7% in FY'14. Whereas manufacturing contracted by (-)0.2% in FY'14 against 1.1% in FY'13 and Mining continued at negative 1.9% in FY' 14 against negative 2.2% in FY' 13

| Domestic GDP Growth | | | |
|---------------------------|-------|-------|-------|
| | FY-12 | FY-13 | FY-14 |
| Agriculture | 5.0% | 1.4% | 4.6% |
| Industry & Infrastructure | 7.8% | 1.0% | 0.7% |
| Manufacturing | 7.4% | 1.1% | -0.2% |
| Mining | 0.1% | -2.2% | -1.9% |
| Services | 6.6% | 7.0% | 6.9% |
| Overall | 6.7% | 4.5% | 4.9% |

Source : CSO, MOF, PMEAC

The Index of Industrial Production (IIP), which was significantly low at 1.1% in FY'13 against 2.9% in FY'12, slipped to negative 0.1% in FY'14. The Manufacturing sector turned negative 0.8%

against very low levels of 1.3% in FY'13 and 3.0% in FY'12. The Mining sector continues to remain at negative 0.8% in FY'14 over the negative of 2.3% in FY'13 and 2.0% in FY'12.

| IIP Data (YoY Growth %) | | | |
|-------------------------|-------------|-------------|--------------|
| | FY' 12 | FY' 13 | FY' 14 |
| Sectoral | | | |
| Mining | -2.0% | -2.3% | -0.8% |
| Manufacturing | 3.0% | 1.3% | -0.8% |
| Electricity | 8.2% | 4.0% | 6.1% |
| Use Based | | | |
| Basic Goods | 5.5% | 2.4% | 2.0% |
| Capital Goods | -4.0% | -6.0% | -3.7% |
| IIP Total | 2.9% | 1.1% | -0.1% |

Source : CSO, GOI

On use basis, while Capital Goods segment continued to remain negative even in 3rd successive year at 3.7% in FY'14 against 6.0% in FY'13 and 4.0% in FY'12, the Basic Goods segment kept slipping down to 2.0% in FY'14 from 2.4% in FY'13 and 5.5% in FY'12.

On the positive side, however, after a prolonged period of concerns on fiscal deficit, inflation and trade gap fronts, the trends seem to have reversed in the last quarter of FY'14. Further, the political uncertainties appearing to be over now with a more stable and decisive government at the Centre, process of economic recovery is expected to begin and hopefully accelerated resulting into long awaited better business conditions and growth.

| Other Key Economic Indicators (YoY Growth %) | | | |
|--|------------|--------------------|-------------------|
| | | FY' 13 (1st RE) | FY' 14 (Adv.E) |
| Fiscal Deficit | % of GDP | 4.9% | 4.6% |
| Trade Gap | US\$ in Bn | 195.7 | 148.7 |
| Current A/c Deficit | % of GDP | 4.7% | 2.0% |
| WPI - Average | % | 7.4% | 6.0% |

Source : CSO, MOF, PMEAC

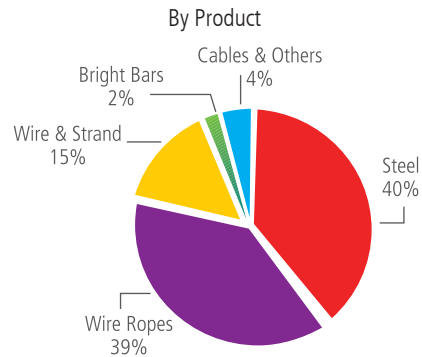
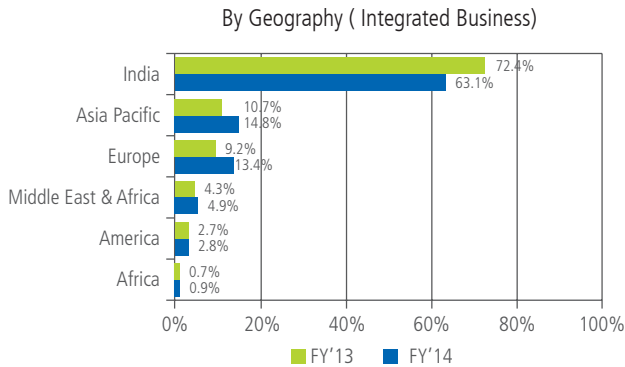
Company Overview Business Configuration

Usha Martin is an integrated specialty steel and value added steel products Company, having business locations across various parts of the world including through its subsidiaries and/or joint ventures.

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

With completion of some major cost optimization projects like pellet, coke and additional DRI and power generation during

Revenue Distribution



FY'14, the Company has further integrated its steel business and increased its competitiveness through cost reduction.

The Company is one of the largest producers of specialty steel in India, catering to requirements of automotive, railways, general engineering and construction sectors.

The steel products manufactured at Jamshedpur facility were sold in the market to the extent of 66% and balance 34% was for in-house production of value added products such as wire ropes, wires, strands and bright bars at Ranchi, Hoshiarpur, Chennai and Bangkok.

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 offshore oil exploration, mining, elevators, cranes, bridges, infrastructure, construction, fishing and variety of general purposes.

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

The global business of wire rope is supported by marketing, distribution and rigging facilities at various locations in the USA, Europe and South-East Asia. The Company provides products and solutions for oil and gas sectors for anchoring, drilling and mooring applications from its facilities at Aberdeen in UK. Further, the Company has an R&D Centre in Italy.

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

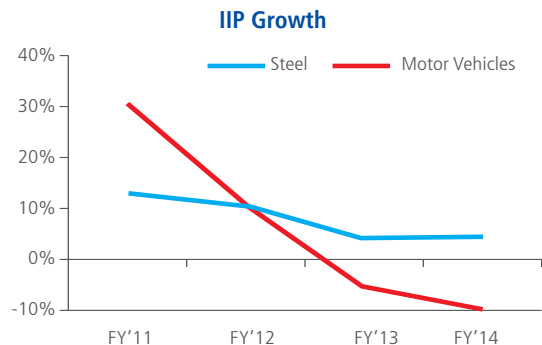
Through one of its wholly owned subsidiary in India, the Company also manufactures a wide range of telecommunication cables meant for variety of applications and caters to requirements of domestic and export markets.

The strategy of integration places the Company distinctly in a unique position by combining both ends of value chain, from mining to high value wire ropes and further providing end use solutions on its key product applications. In addition to

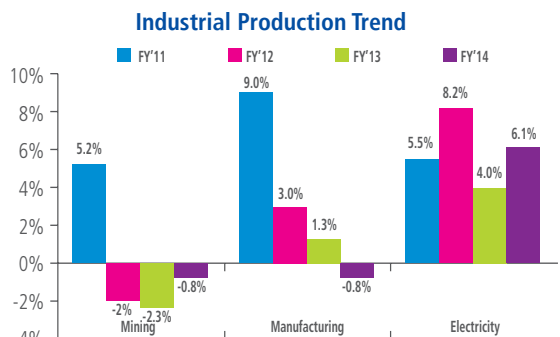
providing benefits of quality, consistency and self-sufficiency for principal raw materials, it provides captive markets for a sizeable portion of the finished products, thereby de-risking both the businesses. Also it enables the Company to aspire to become truly competitive across the entire value chain of chosen products.

Steel Business Business Environment

The Index of Industrial Production for steel recorded marginal improvement to 4.3% in FY'14 compared to 4.1% in FY'13,

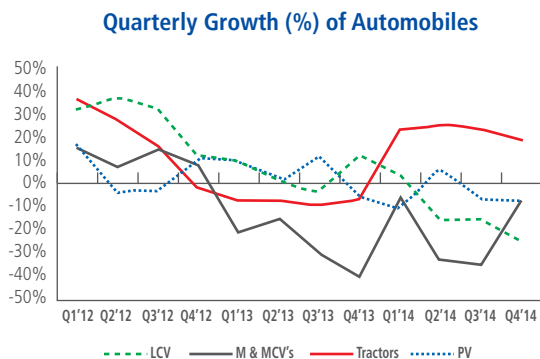


which was significantly lower than 10.3% and 13.2% in FY'12 and FY'11 respectively. The deep decline in Motor Vehicles from already negative 5.3% in FY'13 to negative 9.6% in FY'14 was significant and in line with drop in Manufacturing sector



Source : CSO, GOI

to (-) 0.8% from 1.3%. Similarly in mining sector contraction continues at (-) 0.8% in FY'14 against (-) 2.3% in FY'13. These overall economic conditions explain the adverse business environment, which the Company had to face during the financial year 2013-14.



Source : SIAM

The domestic consumption of steel further subdued with growth of mere 0.6% in FY'14 against 3.3% in FY'13, but consumption of Alloy Steel has shrunk drastically lower by 22.1% to 4.6 MnT in FY'14 from 5.9 MnT in FY'13. Within automobile, which accounts for major portion of consumption of alloy steel, the requirement of alloy steel bars and rods for M&HCV and LCV is estimated to have recorded a significant drop by 20.4% and 13.7% respectively over FY'13, though the increase in requirement in tractor sector by 22.4% in the current financial year has brought down severity of demand slump in four-wheel auto segment to 2.8%.

These circumstances had an adverse impact on selling prices of steel rolled products of the Company. In addition the Company had an additional production of steel. But in view of depressed end use market conditions it had to increase sale of billets in domestic and export markets, which normally fetch lower realization. The combined result was evident from overall average sales realization coming down by 4.5% in FY'14.

However, the steel business of the Company could achieve highest ever volume of production and sales of steel during the current financial year.

| Steel Business Volume – MT | | |
|----------------------------|-----------|-----------|
| | FY 13- 14 | FY 12-13 |
| Iron Ore | 1,644,200 | 1,786,770 |
| Coal | 761,940 | 560,232 |
| Hot Metal | 432,672 | 454,948 |
| DRI | 339,758 | 262,182 |
| Pellet | 135,597 | - |
| Sinter | 630,280 | 639,112 |
| Billets | 645,240 | 600,115 |
| Rolled Products | 497,628 | 543,754 |

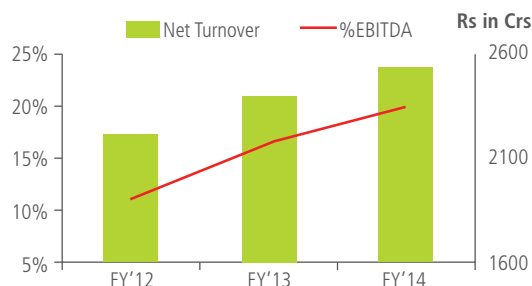
Key Achievements

The Company had following achievements during the current financial year:

- Achieved highest ever Billet production,
- Achieved highest ever volume production of Coal and DRI, enabling shift to lower cost metallics,
- Successfully commissioned key cost optimization projects, namely coke oven plant, ore beneficiation and pellet plant, DRI IV, 35 MW Captive power plant, etc.

Operational Highlights

The Steel business achieved a higher sales turnover of Rs.2528.36 Crs. in the current financial year against Rs.2397.63 Crs. in the previous year, up by 5.5%. The operating profit and margins improved to Rs.504.59 Crs. at 20.0% during the year against Rs.392.23 Crs. at 16.4% in the previous year.



Share of Steel business stood at 62.2% of the Company's gross level of activity and 53.3% of reported net turnover in the current financial year.

During FY'14 the export turnover of Steel business increased to Rs. 297.79 Crs, which is 11.8% of its' turnover, against Rs. 76.68 Crs in the previous year.

Projects

The following major cost optimization projects undertaken by the Company have been commissioned during the year:

- Coke Oven,
- 35 MW Waste Heat based Captive Power Plant,
- DRI IV,
- Iron Ore Beneficiation Plant, and
- Pellet Plant

The benefits from these cost saving projects would further deepen value integration and strengthen its' cost competitiveness during the later part of financial year 2014-15 and beyond. Such plants and processes normally take a period to stabilize.

Wire Ropes & Specialty Products Business

The sub-optimal economic environment in general in global and domestic markets, in particular, impacted business conditions for Wire & Wire Rope business of the Company adversely resulting in depressed realisations and margins. On standalone

basis the average realisations came down by 5.9% in FY'14.

During FY' 14 the Global operations of WWR business has achieved Gross production of Wire Ropes and Conveyor Cords of 103,827 MT against 95,836 MT higher by 8.3%. The Gross production of Strands, Wires and Bright Bars was 161,363 in FY' 14 against 144,728 MT in FY' 13, higher by 11.5%. Total Value Added products production was higher by 10.2% in FY'14.

| Gross Production Volume - VA Products | Qty in MT | |
|---------------------------------------|-----------|--------|
| | 13-14 | 12-13 |
| Wire Ropes | 102,137 | 93,416 |
| Strands | 49,987 | 42,493 |
| Wires | 97,852 | 90,116 |
| Bright Bars | 13,524 | 12,119 |
| Conveyor Cords | 1,690 | 2,420 |

On standalone basis, the Wire & Wire Ropes business achieved turnover of Rs.1519.29 Crs. in the current financial year against Rs.1474.64 Crs. in previous year, higher by 3.0%. The operating profit and margin were Rs.193.59 Crs. at 12.4% during the year against Rs.195.06 Crs. at 13.2% in previous year.

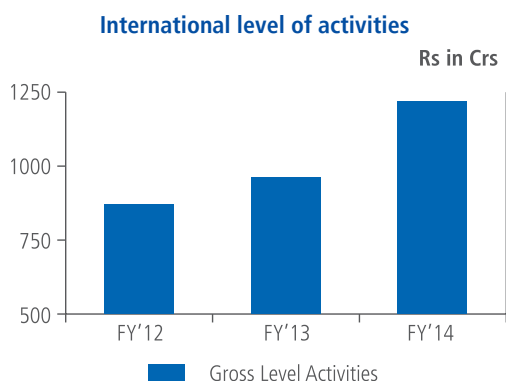
Share of Wire & Wire Rope business stood at 37.4% of the Company's gross level of activity and 46.2% of reported net turnover in the current financial year on standalone basis.

Focus Areas & New Initiatives

- Exploring new avenues for growth in business of mining ropes.
- Successfully developed and supplied large diameter Compacted ropes for Cranes.
- Opening of a new R&D Centre in Italy named as "Usha Martin Italia SRL", under Usha Martin International Limited, a wholly owned subsidiary of the Company.
- Opening of a new Company in Holland named "Usha Martin Europe BV" under Usha Martin International Limited, a wholly owned subsidiary of the Company for distribution of wire ropes in the European market.

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 22.2% of its consolidated gross activity level. Gross level of activities of overseas subsidiaries has increased by 27.0% from Rs. 960.81 Crs in 2012-13 to Rs. 1220.27 Crs in 2013-14.

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 for wire ropes to offshore oil and gas sectors, and
- De Reuter Staalkabel B.V. Netherlands, which has distribution facilities for wire ropes.
- Usha Martin Italy, which has set up R&D Centre for wire ropes.

| UMIL | GBP in Mn | | |
|------------|-----------|-------|-------|
| | FY'12 | FY'13 | FY'14 |
| Turnover | 43.7 | 39.2 | 47.9 |
| Net Profit | 3.6 | 3.0 | 3.4 |

The consolidated turnover of UMIL was GBP 47.9 Mn in 2013-14 as against GBP 39.2 Mn in 2012-13. UMIL reported a consolidated net profit of GBP 3.4 Mn as against GBP 3.0 Mn in the previous year.

The implementation of project to manufacture large diameter crane ropes in BSUK is progressing and is likely to be commissioned by 3rd quarter of FY'15. On completion, UMIL will be able to reach new markets for high performance crane ropes in oil / off shore sectors. Also it has set up a R&D Centre in Italy and new sales office in Moscow.

Usha Martin Americas Inc [UMAI]

During the year, UMAI reported a turnover and profit after tax of US\$ 15.1 Mn and US\$ 0.2 Mn respectively as against US\$ 16.1 Mn and US\$ 1.1 Mn respectively in the previous year.

| UMAI | USD in Mn | | |
|------------|-----------|-------|-------|
| | FY'12 | FY'13 | FY'14 |
| Turnover | 17.2 | 16.1 | 15.1 |
| Net Profit | 0.9 | 1.1 | 0.2 |

Brunton Wolf Wire Ropes FZCo [BWWR]

BWWR, a joint venture with Gustav Wolf of Germany, reported a turnover and profit after tax of US\$ 25.6 Mn and US\$ 1.0 Mn respectively in 2013-14 as against US\$ 24.3 Mn and US\$ 1.2 Mn respectively in the previous year.

| BWWR | USD in Mn | | |
|------------|-----------|-------|-------|
| | FY'12 | FY'13 | FY'14 |
| Turnover | 23.4 | 24.3 | 25.6 |
| Net Profit | 1.5 | 1.2 | 1.0 |

Usha Siam Steel Industries Public Company Limited [USSIL]

USSIL is a subsidiary of the Company, which along with Usha Martin Singapore Pte Ltd. holds 97.85% of equity.

The operations of USSIL, achieved a turnover of Thai Baht 1,357 Mn during the year under review as against Thai Baht 1,132 Mn in the previous year. It reported a net profit of Thai Baht 50 Mn against Thai Baht 245 Mn (which includes insurance claim) in the previous year.

After devastating floods in FY'12, which affected operation even in FY'13, USSIL could come back to normalcy in FY'14.

| USSIL | THB in Mn | | |
|------------|-----------|-------|-------|
| | FY'12 | FY'13 | FY'14 |
| Turnover | 1,043 | 1,132 | 1,357 |
| Net Profit | 35* | 245* | 50 |

*including insurance claim

Usha Martin Singapore Pte Limited [UMSPL]

UMSPL a wholly owned Singapore based subsidiary of the Company is in business of warehousing and distribution of wire ropes in Asia Pacific region by itself and through its following wholly owned subsidiaries –

- Usha Martin Australia Pty Limited
- Usha Martin Vietnam Company Ltd
- Usha Martin Indonesia, and
- Usha Martin China

UMSPL achieved a consolidated turnover of US\$ 41.0 Mn and net profit of US\$ 0.2 Mn during the year under review as against US\$ 37.3 Mn and net profit of US\$ 0.9 Mn respectively in the previous year.

The consolidated net profit of UMSPL was lower on account of loss in UM China in its initial phase of the business.

| UMSPL | USD in Mn | | |
|------------|-----------|-------|-------|
| | FY'12 | FY'13 | FY'14 |
| Turnover | 36.6 | 37.3 | 41.0 |
| Net Profit | 1.7 | 0.9 | 0.2 |

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.170.0 Crs against Rs.117.5 Crs in the previous year. The net profit for the year was Rs.8.3 Crs as against Rs.6.5 Crs in FY 12-13.

The acquisition of plant and facility for making 350 TPD of DRI, 50,000 MT of steel billets, and Waste Heat based 5 MW Power generation for captive use, along with land at village Dugdha, Dist. Saraikela in the State of Jharkhand, in auction from Punjab National Bank and Bank of India ('the banks'), which was challenged by the erstwhile owners and others, is still under judicial process pending conclusion.

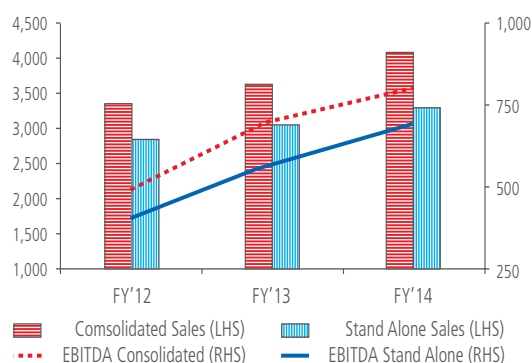
| UMCL | Rs. in Crs | | |
|------------|------------|-------|-------|
| | FY'12 | FY'13 | FY'14 |
| Turnover | 109.1 | 117.5 | 170.0 |
| Net Profit | 3.0 | 6.5 | 8.3 |

Financial Discussion

During the year, consolidated turnover of the Company stood at Rs.4,073.83 Crs, which is 12.5% higher than Rs.3,621.83 Crs in the previous year. On standalone basis, the Company's turnover increased to Rs.3,287.12 Crs in the current financial year against Rs.3,044.53 Crs in the previous year, up by 8.0%.

The operating profit achieved by the Company on consolidated basis was Rs.799.41 Crs, being 19.6% of the reported turnover against Rs.705.20 Crs, being 19.5% in previous year.

Sales & Operating Performance



On standalone basis, the operating profit was at Rs. 692.81 Crs, being 21.1% of the reported turnover as against Rs. 572.33 Crs, being 18.8% in previous year.

The export sales improved significantly to Rs.828.63 Crs, with share improving to 25.2% of net turnover on standalone basis against 16.9% in previous year, while share of domestic sales in the current year was 74.8% against 83.1% in previous year.

Forex Management

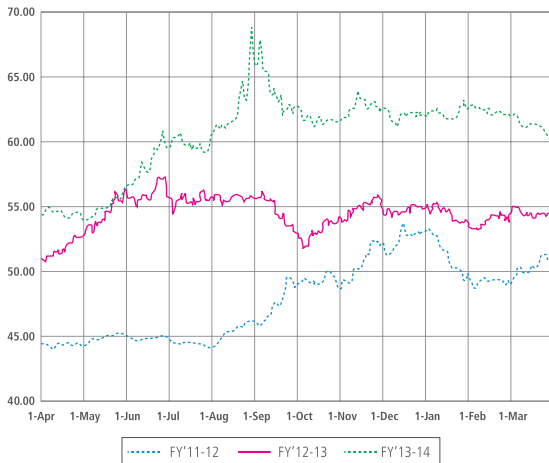
The weaker domestic economic and fiscal indicators during large part of the financial year continued to have depreciating pressure on INR during the current financial year also. While it has depreciated by 10.4% on YoY basis on 31st March, 2014, on average basis the depreciation is higher by 11.1% at Rs. 60.40 per US \$ against Rs. 54.37 in FY '13. Of late, with the improvement in fiscal deficit, current account deficit, and trade gap data, the INR has shown some appreciation. Besides other factors, greater volatility has resulted in higher hedging cost, making overall covered cost costly at times.

The Company has followed its practice of keeping trade exposures largely covered through forward contracts and option structures, after using natural hedge inherently available through its' export business. The Company had taken call spread options on long term loans with near term maturities.

| USD/ INR Levels & Depreciation | FY '12 | FY '13 | FY '14 |
|--------------------------------|--------|--------|--------|
| Year End Levels | 50.87 | 54.28 | 59.91 |
| Depreciation % | 14.2% | 6.7% | 10.4% |
| Average Rate for the year | 47.87 | 54.37 | 60.40 |
| Depreciation % | 5.2% | 13.6% | 11.1% |

The changes in value of long term capex loans have continued to be accounted for in fixed assets, as in the previous financial year in accordance with notification issued by Ministry of Corporate Affairs. By exercising this option the Company accounted for effect of rupee depreciation on FCY loans, amounting to Rs.81.07 Crs, in the fixed assets during the current financial year over and above Rs.27.88 Crs on repayment of FCY Loans during the year.

USD/INR Rate movement



By way of premium on booking of forex trade exposures, losses on booking and cancellations of hedged positions and valuations of open exposures, the Company has incurred cost of Rs. 24.21 Crs as net exchange loss during the year, after adjusting Rs. 17.19 Crs being gains on derivatives.

Finance Cost

Inflationary pressures and higher policy (Repo rates) continued by RBI have resulted in interest rates remaining at higher level. One Yr G Sec rates has moved up from 7.93% to 8.46% by March'14 after touching high of 9.27% in Aug'13 also remained in a range of 7.30% to 9.30% during the year.

The average cost of debt as on 31st March, 2014 was 10.16%, higher than 9.48% as on 31st March, 2013, for interest rates on domestic loans remaining higher during the year and change in proportion of FCY debt, which carries lower cost, from 29.8% to 23.7%. The net interest charge [excluding other borrowing costs] of the Company increased from Rs.303.11 Crs to Rs. 393.24 Crs during the financial year on account of mix of factors such as increase in debt level, interest rates and projects getting commissioned and put to commercial use.

Capital Expenditure

The Company, on standalone basis, has incurred Rs.809.86 Crs on projects and normal capital expenditure excluding effect of depreciation and valuation of FCY loans.

Debt Mobilization, Payments & Management

During FY'14, the Company has done fresh utilization of long term capex L/Cs of Rs.34.78 Crs. Besides, on standalone basis, it has raised long term rupee debt of Rs.650 Crs, which was utilized for working capital margin and prepayment of long term loans /capex L/Cs. The Company has repaid long term loans of Rs. 779.90 Crs (including prepayment of Rs. 191.34 Crs of long term capex L/Cs and Rs.255.0 Crs of long term loans).

As on 31st March, 2014, Rs.149.0 Crs were maintained in fixed deposits with banks.

Overall, there is increase in net debt by Rs.265.45 Crs. on standalone basis and Rs. 370.91 Crs on consolidated basis. This was primarily on account of project capex and depreciation in value of INR resulting into revaluation of FCY loans.

The Company had a net debt of Rs.3630.13 Crs (including working capital loans, current maturities of long term debt, capex L/Cs and net of cash & bank balance of Rs. 154.95 Crs) as on 31st March 2014, having about 23.7% in foreign currency. The Company's Net Debt Equity ratio was 2.38 as on 31st March 2014. On consolidated basis, the net debt level and Debt Equity Ratio were Rs. 3875.71 Crs. and 1.93 respectively at year end.

Ratings

The Company has continued to enjoy higher rating of CARE A1+ for short term bank facilities and other short term funds by Credit Analysis & Research Limited [CARE]. India Rating & Research Private Ltd. (Formerly known as Fitch Ratings India Private Ltd.) continued rating of IND A+ with negative outlook for long term bank loans and facilities.

Relationships

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

Investor Services

The Company has an 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 warrants/cheques 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.9.86 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 has an in-house team in internal audit department and also availed services of external firms of consultants and chartered accountants to help the Company to strengthen the internal audit and risk management functions.

Human resources

The Company recognizes the Human Resources as its most important assets and is constantly engaged in enriching the value and developing competencies of Human Resources through various development strategies.

The Company is also in the process of identifying future leaders and groom them for key leadership roles in its Indian and international business.

The Human Resource function conducts program 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 HR activities covered Mining operations and many 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 cooperation from all sections of customers, suppliers, service providers, investors, authorities, lenders, etc. to whom the Company expresses its sense of appreciation.

Cautionary Statement

Statements in the management discussions and analysis report describing the Company's objectives, projections, estimates and expectations may be a 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas market in which the Company operates, changes in the government regulations, tax laws and other statutes and incidental factors.

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, 2014, 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.

Kolkata
27th May, 2014

For PRICE WATERHOUSE
Firm Registration Number: 301112E
Chartered Accountants
Pradip Law
Partner
Membership No. 51790

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, 2014 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, 2014 are as under:

| Name of Directors | Promoter/ Executive/ Non Executive/ Independent | No. of Other* Directorships 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 | 19,90,788 |
| Mr. Brij K Jhawar | Non Executive, Promoter | 1 | None | None | 9,45,865 |
| Mr. R Jhawar | Managing Director, Executive, Promoter | 6 | 1 | 3 | 15,61,741 |
| Mr. Salil Singhal | Independent, Non Executive | 5 | None | 2 | - |
| Mr. G N Bajpai | Independent, Non Executive | 11 | 5 | 10 | 20,000 |
| Mr. Nripendra Misra@ | Independent, Non Executive | 2 | 1 | 1 | 200 |
| Mrs. Ramni Nirula | Independent, Non Executive | 7 | 3 | 7 | - |
| Mr. Jitender Balakrishnan | Independent, Non Executive | 12 | 1 | 4 | - |
| Mr. R S Thakur@@ | Independent, Non Executive | 2 | 1 | 1 | 95,000 |
| Dr. Vijay Sharma@@@ | Jt. Managing Director [Steel Business], Executive | 2 | None | None | 5,00,000 |
| Mr. P K Jain | Jt. Managing Director [Wire & Wire Ropes Business], Executive | 3 | 1 | 1 | 10,000 |

@ Mr. Nripendra Misra ceased to be a director with effect from 26th May, 2014

@@ Mr. R S Thakur will cease to be an independent director with effect from 28th May, 2014

@@@ Dr. Vijay Sharma ceased to be a director with effect from 25th May, 2014

*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 Stakeholders' Relationship Committees have been considered for this purpose.

None of the 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

Five Board Meetings were held during the year on 9th May, 2013, 30th July, 2013, 9th November, 2013 29th January, 2014

and 14th March, 2014. Annual General Meeting [AGM] was held on 30th July, 2013.

| Name of Directors | Board Meetings during the year/tenure | | Attendance at last AGM |
|----------------------|---------------------------------------|----------|------------------------|
| | Held | Attended | |
| Mr. B K Jhawar | 5 | 4 | No |
| Mr. P Jhawar | 5 | 5 | Yes |
| Mr. Brij K Jhawar | 5 | 5 | No |
| Mr. R Jhawar | 5 | 5 | Yes |
| Mr. Salil Singhal | 5 | 4* | No |
| Mr. G N Bajpai | 5 | 4 | No |
| Mr. Nripendra Misra@ | 5 | 5 | Yes |
| Mrs. Ramni Nirula | 5 | 4 | Yes |
| Mr. J. Balakrishnan | 5 | 5 | Yes |
| Mr. R S Thakur @@ | 5 | 4 | Yes |
| Dr. Vijay Sharma @@@ | 5 | 5 | Yes |
| Mr. P K Jain | 5 | 5 | Yes |

* One meeting through video conference

@ Mr. Nripendra Misra ceased to be a director with effect from 26th May, 2014

@@ Mr. R S Thakur will cease to be an independent director with effect from 28th May, 2014

@@@ Dr. Vijay Sharma ceased to be a director with effect from 25th May, 2014

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 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 authorized 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 9th May, 2013, 30th July, 2013, 9th November, 2013, 29th January, 2014 and 14th March, 2014.

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

| | | | No. of Meetings | |
|--------------------------|----------|---------------------------|-----------------|----------|
| | | | Held | Attended |
| Mr Jitender Balakrishnan | Chairman | Independent Non-Executive | 5 | 5 |
| Mr. Salil Singhal | Member | Independent Non-Executive | 5 | 4 * |
| Mr. Nripendra Misra@ | Member | Independent Non-Executive | 5 | 5 |

* One meeting through video conference

@ Mr. Nripendra Misra ceased to be a director with effect from 26th May, 2014

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

IV. Nomination and Remuneration Committee

During the year under review, the existing Remuneration Committee of the Board of Directors in accordance with the Companies Act, 2013 was renamed as Nomination and Remuneration Committee.

The Nomination and Remuneration Committee comprises of 4 members namely Mr. G N Bajpai (Chairman-Independent Non Executive Director). The other members are Mrs. Ramni Nirula (Independent Non Executive Director), Mr Nripendra Misra (Independent Non Executive Director) (since resigned with effect from 26th May, 2014) and Mr. Brij K Jhavar (Non Executive Director).

The break-up of remuneration to Managing Director and Joint Managing Directors for the year 2013-14 is given below:

Rs. in lacs

| Names | Mr. R Jhavar | Dr. Vijay Sharma * | Mr. P K Jain |
|--|---|--|--|
| Position | Managing Director | Jt. Managing Director [Steel Business] | Jt. Managing Director [Wire & Wire Ropes Business] |
| Salary | 67.26 | 86.40 | 69.00 |
| Commission | - | - | - |
| Allowances | 39.23 | 122.40 | 86.10 |
| Contribution to Provident Fund, Gratuity and Super annuation Funds | 22.37 | 16.54 | 14.18 |
| Incentive | - | 51.00 | 37.80 |
| Perquisites | 41.22 | 19.45 | 10.65 |
| Total | 170.08 | 295.79 | 217.73 |
| Service Contract | For a period from 19th May, 2013 to 18th May, 2018. | 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 | 1 month from either side | 3 months from either side |
| Severance Fees | 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 |

*since ceased to be a director with effect from 25th May, 2014

The Remuneration Committee and Board at their meetings held on 8th and 9th May, 2013 respectively have recommended /

approved the reappointment of Mr. R Jhavar for a further period of 5 years with effect from 19th May, 2013 with revised remuneration and was subsequently approved by the shareholders in the Annual General Meeting held on 30th July, 2013. Pursuant to approval of shareholders and Central Government Mr. R Jhavar was paid minimum remuneration for the year 2013-14.

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. Pursuant to approval of shareholders, Dr Vijay Sharma and Mr. P K Jain were paid minimum remuneration for the year 2013-14.

Further, Mr. R S Thakur, an independent director on the board of the Company, has been appointed as an advisor to the Company by the Board in its meeting held on 27th May, 2014. On account of such appointment he will cease to be an independent director as defined in clause 49-I (A) (iii) of the listing agreement, but continues as a non-executive director on the Board.

One meeting of the Remuneration Committee was held on 8th May, 2013 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 2013-14 is given below:

| | |
|--------------|----------------|
| Sitting Fees | Rs. 12.60 lacs |
|--------------|----------------|

The Board of Directors of the Company at their meeting held on 30th January, 2013 approved payment of sitting fee of Rs.20,000 to every Non Executive Director for attending each meeting of the Board and its Committees.

Further, the Board of Directors of the Company at their meeting held on 27th May, 2014 approved increase in sitting fee to Rs. 50,000 to every Non Executive Director for attending each meeting of the Board and its Committees.

At the Annual General Meeting held on 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 Jhavar, 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, the approval of Central Government has been received for payment of commission to Mr. Prashant Jhavar, Chairman. However, no such commission was proposed for financial year 2013– 14.

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

V. Stakeholders’ Relationship Committee

During the year under review, in terms of Section 178 (5) of the Companies Act, 2013 the existing Investors’ Grievance Committee was renamed as Stakeholders’ Relationship Committee under the Chairmanship of Mr. N Misra, an Independent Non Executive Director(since resigned with effect from 26th May, 2014) along with three members namely Mr. Brij K Jhavar, Non Executive Director, Mr. R Jhavar, Managing Director and Mr. P K Jain, Jt. Managing Director [Wire & Wire Ropes Business]. The role of the above committee shall inter – alia include consider and resolving of grievances of stakeholders. 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, 2013 | Nil |
| Number of complaints received during year ended 31st March, 2014 | 44 |
| Number of complaints attended to/resolved during the year | 44 |
| Complaints pending as on 31st March, 2014 | Nil |

Share Transfer

The Board of Directors of the Company have authorized Mr. R Jhavar, Managing Director, Mr. P K Jain, Jt. Managing Director (Wire & Wire Ropes Business) and Mr. A K Somani, Company Secretary (Authorized Persons) individually to decide on matters relating to share transfer issues including approval of transfer and transmission of securities. The share transfers are processed on behalf of the Company by the Registrar and Transfer Agents viz. MCS Limited and are placed for approval by the Authorized Persons which are been noted and ratified in subsequent board meeting.

| | |
|---|-----|
| Number of share transfers pending for approval as on 31st March, 2014 | Nil |
|---|-----|

Compliance Officer:

Mr. A K Somani, Company Secretary
 2A, Shakespeare Sarani, Kolkata 700 071
 Phone : 033-39800300; Fax : 033-39800400
 Email : cosec@ushamartin.co.in

VI. Corporate Social Responsibility Committee

During the year under review, the Board of Directors of the Company have in accordance with provisions of Section 135 of the Companies Act, 2013 and the Rules framed thereunder have formed a sub - committee of the Board namely “Corporate Social Responsibility Committee” with Mr. B K Jhavar as the Chairman and Mr. Brij K Jhavar, Mr. P Jhavar and Mr. R S Thakur being other members for performing such activities

as required under the aforementioned Section including formulating the Corporate Social Responsibility (CSR) Policy and the budget for CSR spending and monitoring the Corporate Social Responsibilities of the Company from time to time.

VII. Finance Committee

During the year under review, the existing Finance Committee of the Board of Directors was reconstituted with Mr. P Jhawar as the Chairman and Mr. R Jhawar, Mr. R S Thakur and Mrs. Ramni Nirula as other members to inter-alia assist the Board in discharging of the its' financial decision making responsibilities.

VIII. Investment & Strategy Committee

During the year under review, a sub - committee of the Board of Directors as Investment & Strategy Committee was formed with Mr. P Jhawar as a Chairman and Mr. R Jhawar, Mr. R S Thakur and Mr. Jitender Balakrishnan as other members to inter-alia assist the Board in the decision making process for investments and divestments by the Company and to formulate strategies for achieving the medium to long term objectives of the company and monitoring implementation thereof.

IX. Annual General Meetings

| Date | Type | Venue | Time | No. of Special Resolutions |
|-----------------|------|------------------------------|---------|----------------------------|
| 30th July, 2013 | AGM | Vidya Mandir, Kolkata | 2.00 pm | 3 |
| 31st July, 2012 | AGM | Vidya Mandir, Kolkata | 2.00 pm | 7 |
| 29th July, 2011 | AGM | G D Birla Sabhaghar, Kolkata | 2.00 pm | - |

Resolution under Section 293 (1) (a) and 293 (1) (d) of the Companies Act, 1956 was put through postal ballot on 17th July, 2013.

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.

X. Disclosures

- There were no materially significant related party transactions (i.e. transactions of the Company of material nature), in potential conflict with interests 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 interests 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.

XI. Means of Communications

- a) 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 / Financial Express and Dainik Statesman (local vernacular).
- b) The financial results and official press releases are posted on the Company's website www.ushamartin.com.
- c) Presentations made to media, analysts, institutional investors and fund managers from time to time are posted on the Company's website as aforesaid.
- d) Apart from statutory announcements the Company shares information relating to financial performance with public and investors through business newspapers and magazines on periodical basis.

XII. General Shareholders' Information

(a) Date and Venue of Annual General Meeting

| | |
|--|--|
| The Twenty Seventh Annual General Meeting of the Company was held on 30th July, 2013 at 2.00 p.m. at Vidya Mandir, 1 Moira Street, Kolkata 700017. | The date and venue of Twenty Eighth Annual General Meeting of the Company will be intimated in due course. |
|--|--|

(b) Financial Calendar

| Financial Year ended 31st March, 2013 | Meetings held on | Next Financial Year ending 31st March, 2014 | Meetings to be held on or before |
|---|--------------------|--|----------------------------------|
| First Quarter Results – June 2013 | 30th July, 2013 | First Quarter Results – June 2014 | 14th August, 2014 |
| Second Quarter Results – September 2013 | 9th November, 2013 | Second Quarter Results – September 2014 | 15th November, 2014 |
| Third Quarter Results – December 2013 | 29th January, 2014 | Third Quarter Results – December 2014 | 14th February, 2015 |
| Audited Results for the year ended 31st March, 2014 | 27th May, 2014 | Audited Results for the year ending 31st March, 2015 | 31st May, 2015 |

(c) Book Closure Dates

| | |
|--|---|
| The Share Transfer Books and Register of Members were closed from 22nd July, 2013 to 30th July, 2013 (both days inclusive) | The Book Closure dates (for ensuing AGM) will be intimated in due course. |
|--|---|

(d) Dividend Announcements

| FY 2012–13 | FY 2013 – 14 |
|---|----------------------------|
| Dividend Rate: Re.0.15 per share (15%) on face value of Re.1 per share. | Dividend Rate: NIL |
| Dividend Payment Date: 5th August, 2013 | Dividend Payment Date: N.A |

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

- 1) Bombay Stock Exchange Ltd. - 517146
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001
- 2) National Stock Exchange of India Ltd. - USHAMART
Exchange Plaza, 5th Floor, Plot No.C/1, G Block,
Bandra Kurla Complex, Bandra (E), Mumbai 400051
- 3) Societe de la Bourse de Luxembourg - (For GDRs)
Societe Anonyme/R.C.B 6222
B.P. 165, L-2011 Luxembourg

The listing fees for all above stock exchanges have been duly paid for financial year 2013-14.

GDRs are listed at Luxembourg Stock Exchange.

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

| Stock Price | BSE (Rs.) | | NSE (Rs.) | | VOLUME | | TOTAL |
|-------------|-----------|-------|-----------|-------|-----------|------------|------------|
| | HIGH | LOW | HIGH | LOW | BSE | NSE | |
| 2013 | | | | | | | |
| April | 26.50 | 22.40 | 26.50 | 22.05 | 2,669,303 | 2,041,736 | 4,711,039 |
| May | 27.05 | 22.25 | 27.05 | 22.10 | 1,904,293 | 3,565,206 | 5,469,499 |
| June | 24.50 | 22.10 | 24.60 | 22.00 | 991,571 | 2,435,089 | 3,426,660 |
| July | 25.95 | 22.00 | 25.90 | 22.00 | 1,772,788 | 5,460,342 | 7,233,130 |
| August | 23.90 | 20.50 | 23.10 | 20.25 | 834,108 | 8,467,281 | 9,301,389 |
| September | 24.55 | 20.60 | 24.50 | 20.50 | 1,111,572 | 5,952,549 | 7,064,121 |
| October | 27.20 | 21.05 | 27.40 | 21.00 | 1,869,730 | 6,522,222 | 8,391,952 |
| November | 29.00 | 24.50 | 29.00 | 24.50 | 1,775,033 | 9,041,220 | 10,816,253 |
| December | 31.35 | 26.00 | 31.40 | 26.10 | 1,650,557 | 8,125,725 | 9,776,282 |
| 2014 | | | | | | | |
| January | 37.40 | 28.65 | 37.55 | 28.65 | 5,636,013 | 14,686,157 | 20,322,170 |
| February | 33.50 | 29.80 | 33.25 | 29.70 | 918,479 | 1,911,309 | 2,829,788 |
| March | 36.40 | 29.00 | 36.40 | 28.80 | 8,228,583 | 7,581,167 | 15,809,750 |

(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 |
|-------------|---------------|-----------|---------------|----------|
| 2013 | | | | |
| April | 25.35 | 19,504.18 | 25.50 | 5,930.20 |
| May | 22.95 | 19,760.30 | 23.10 | 5,985.95 |
| June | 23.50 | 19,395.81 | 23.50 | 5,842.20 |
| July | 22.75 | 19,345.70 | 22.85 | 5,742.00 |
| August | 21.15 | 18,619.72 | 21.20 | 5,471.80 |
| September | 21.15 | 19,379.77 | 21.10 | 5,735.30 |
| October | 25.00 | 21,164.52 | 25.00 | 6,299.15 |
| November | 26.55 | 20,791.93 | 26.60 | 6,176.10 |
| December | 29.90 | 21,170.68 | 29.85 | 6,304.00 |
| 2014 | | | | |
| January | 30.40 | 20,513.85 | 30.45 | 6,089.50 |
| February | 30.05 | 21,120.12 | 30.00 | 6,276.95 |
| March | 35.15 | 22,386.27 | 35.15 | 6,704.20 |

(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 15 days from date of receipt, provided the documents are in order.

As the Company's shares are currently traded in de-materialised 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, 2014)

| Range (No. of shares) | No. of Shareholders | % | Number of Shares | % |
|--|---------------------|------------|--------------------|------------|
| 1-100 | 22,212 | 45.06 | 1,274,560 | 0.42 |
| 101-500 | 19,617 | 39.80 | 5,190,762 | 1.70 |
| 501-1000 | 3879 | 7.87 | 3,104,191 | 1.02 |
| 1001-5000 | 2733 | 5.54 | 6,280,628 | 2.06 |
| 5001-10000 | 349 | 0.71 | 2,680,400 | 0.88 |
| 10001 & above | 504 | 1.02 | 286,211,239 | 93.92 |
| Total | 49,294 | 100 | 304,741,780 | 100 |
| Holding in Physical Form (Included in above) | 13,938 | 28.28 | 2,513,098 | 0.82 |

(k) Pattern of Shareholding (as on 31st March, 2014)

| | Category | No. of shares | % of total shareholding |
|---|-----------------------------------|--------------------|-------------------------|
| A | Promoter Holding | 128,113,320 | 42.04 |
| B | Public Holding | | |
| | - Mutual Fund | 43,055,673 | 14.13 |
| | - Financial Institution / Banks | 13,780 | 0.00 |
| | - Insurance Companies | 12,006,129 | 3.94 |
| | - Foreign Institutional Investors | 8,887,024 | 2.92 |
| | - Bodies Corporate | 22,482,035 | 7.38 |
| | - Individual | 46,090,644 | 15.12 |
| | Total {B} | 132,535,285 | 43.49 |
| C | GDRs | 44,093,175 | 14.47 |
| | GRAND TOTAL [A+B+C] | 304,741,780 | 100.00 |

(l) Dematerialisation of Shares and Liquidity

As at 31st March, 2014, 99.18% 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 share is INE228A01035.

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

As on 31st March, 2014, there were 8,818,635 Global Depository Receipts outstanding representing 44,093,175 equity shares.

(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 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-831 001
Construction Steel Division-North
Iron Ore Mines, Barajamda, Jharkhand – 833 221
Coal Mines, Daltonganj, Jharkhand – 822 101

Wire Rope Business

Wire Ropes & Speciality Products Division
Tatisilwai, Ranchi – 835 103

Wire & Wire Rope Division - North
Hoshiarpur, Punjab – 146 024
Speciality Product Division – South
Sri Perumbudur, Tamil Nadu – 602 105

r) Address for Correspondence:

- (i) Usha Martin Limited
2A, Shakespeare Sarani, Kolkata 700 071
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 700 071
Phone : +91 33 39800494, Fax : +91 33 39800400
Email : investor_relation@ushamartin.co.in
: cosec@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.

Other Items

The items mentioned under Non Mandatory Requirements of the Listing Agreement are being reviewed and will be implemented by the Company as and when required and/or deemed necessary by the Board.

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, 2014.

Kolkata
27th May, 2014

R. Jhawar
Managing Director

Statement giving financial information of subsidiary companies for the year ended 31st March, 2014 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.

| 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 | Usha Martin Wolf Wire Ropes FZCO | Usha Martin Singapore Pre.Limited | Usha Martin Australia Pty Limited | P.T Usha Martin Indonesia | Usha Martin Vietnam Company Limited | Usha Martin China Company Ltd. | Usha Martin International Limited | De Ruiter Staalkabel BV Sliedrecht | Usha Martin Italia S.R.L. # | Usha Martin Europe B.V. | Usha Martin UK Limited | Brunton Shaw UK Limited | European Management Corporation Limited | EMM Caspian Limited |
|----------|---|-------------------|---------------------------------------|------------------------------|---|--------------------------|----------------------------------|-----------------------------------|-----------------------------------|---------------------------|-------------------------------------|--------------------------------|-----------------------------------|------------------------------------|-----------------------------|-------------------------|------------------------|-------------------------|---|---------------------|
| 1 | Share Capital | 2,813 | 5 | 20 | 2,642 | 2,397 | 3,099 | 343 | 111 | 60 | 49 | 297 | 6,208 | 15 | 8 | 15 | 3,841 | * | * | * |
| 2 | Reserves and Surplus | 2,398 | (1) | (59) | 9,813 | 2,165 | 3,013 | 9,348 | 1,209 | 106 | 59 | (580) | 3,040 | 3,880 | 83 | (157) | 19,886 | - | - | - |
| 3 | Liabilities | 9,667 | * | 555 | 16,354 | 4,672 | 5,695 | 10,698 | 2,493 | 380 | 875 | 2,102 | 67 | 6,240 | 26 | 974 | 15,523 | - | - | - |
| 4 | Total Liabilities | 14,878 | 4 | 516 | 28,809 | 9,234 | 11,807 | 20,389 | 3,813 | 546 | 983 | 1,819 | 9,315 | 10,135 | 117 | 832 | 39,250 | - | - | - |
| 5 | Total Assets | 14,878 | 4 | 516 | 28,809 | 9,234 | 11,807 | 20,389 | 3,813 | 546 | 983 | 1,819 | 9,315 | 10,135 | 117 | 832 | 39,250 | * | * | * |
| 6 | Turnover (Net) | 16,998 | - | - | 25,053 | 9,036 | 15,260 | 17,902 | 6,858 | 1,091 | 2,070 | 2,172 | - | 7,744 | 703 | 1,664 | 40,253 | - | - | - |
| 7 | Profit/(Loss) before Taxation | 1,276 | * | (23) | 1,703 | 239 | 568 | 448 | 370 | 40 | 109 | (580) | - | 670 | 135 | (58) | 3,733 | - | - | - |
| 8 | Provision for Taxation | 444 | - | - | 439 | 102 | - | 23 | 111 | 12 | 23 | - | 1 | 147 | 63 | (12) | 833 | - | - | - |
| 9 | Profit/(Loss) after Taxation | 832 | * | (23) | 1,264 | 137 | 568 | 425 | 259 | 28 | 86 | (580) | (1) | 523 | 72 | (46) | 2,900 | - | - | - |
| 10 | Proposed Dividend (Paid) | 140 | - | - | - | - | 491 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Currency of the Subsidiaries | INR | INR | INR | BHAT | USD | AED | USD | A \$ | USD | VND | CNY | GBP | EURO | EURO | EURO | GBP | GBP | GBP | GBP |
| | Exchange rate as on 31st March, 2014 (used for conversion, CY Vs INR) | | | | 1,8475 | 59,9150 | 16,3123 | 59,9150 | 55,2956 | 59,9150 | 0,0028 | 9,6382 | 99,7645 | 82,6827 | 82,6827 | 82,6827 | 99,7645 | 99,7645 | 99,7645 | 99,7645 |

Notes :

* Amount is below rounding off norm adopted by the Company

Financial Information is based on Unaudited Results.

Notes :

(1) 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.

(2) 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.

On behalf of the Board of Directors

Place : Kolkata

Date : 27th May, 2014

P. Jhawar
Chairman

INDEPENDENT AUDITORS' REPORT

To the Members of Usha Martin Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Usha Martin Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other Accounting Standard referred to in sub-section (3C) of Section 211 of the Act. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and Accounting Standard 30, Financial Instruments : Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other Accounting Standard referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Pradip Law

Partner

Kolkata

May 27, 2014

Membership Number 51790

INDEPENDENT AUDITORS' REPORT

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Usha Martin Limited on the financial statements as of and for the year ended March 31, 2014

- i. (a) The Company is maintaining 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 have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory (excluding stocks lying with 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 is maintaining proper records of inventory other than, in respect of Work-in-progress (year end balance Rs. 3,706.53 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. The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)(b),(c) and (d) / (f) and (g) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. 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 weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements 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 prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system (designed to cover all significant areas over a period of two years) commensurate with its size and the 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 is generally regular in depositing undisputed statutory dues in respect of sales tax, professional tax, service tax and works contract tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth 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, there are no dues of wealth-tax which have not been

INDEPENDENT AUDITORS' REPORT

deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, customs duty and excise duty as at March 31, 2014 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 | 10.76 | 1986-87, 2003-04 | Sales Tax Appellate Tribunal |
| | | 415.51 | 2004-05 and 2005-06 | |
| | | 841.44 | 1984-85, 2006-07, 2008-09, 2009-10, 2010-11 and 2012-13 | Deputy Commissioner of Commercial Taxes. |
| | | 280.57 | 2006-07, 2007-08, 2008-09 and 2009-10 | Joint Commissioner of Commercial Taxes |
| | | 1.92 | 2010-11 | Additional Commissioner of Commercial Taxes |
| Central Excise Act, 1944 | Excise Duty including penalty | 6,427.49 | 2005-06 | Madhya Pradesh High Court (Gwalior Bench) |
| | | 48.06 | 2001-02 to 2010-11 | Central Excise and Service Tax Appellate Tribunal |
| | | 4.44 | 2004-05 to 2007-08 and 2009-10 | Additional Commissioner of Central Excise |
| Finance Act, 1994 | Service Tax | 17.82 | 2012-13 | Commissioner of Central Excise (Appeals) |
| Customs Act, 1962 | Customs Duty | 15.85 | 2001-02 | Joint Commissioner of Central Excise & Service Tax |
| | | 15.93 | 1995-96, 1996-97, 1998-99, 2000-2001, 2008-09 | Deputy Commissioner of Customs |
| | | 51.66 | 1989-90, 1992-93, 1993-94 | Central Excise and Service Tax Appellate Tribunal |
| | | 0.02 | 1989-90, 1996-97, 2002-03 | Assistant Commissioner of Customs |
| Income Tax Act, 1961 | Income Tax | 551.78 | 2005-06 | Commissioner of Customs (Appeals) |
| | | 1,388.44 | 2007-08 | Commissioner of Income Tax (Appeals), Ranchi |

- x. The accumulated losses of the Company did not exceed fifty percent of its net worth as at March 31, 2014 and it has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation 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. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.

- 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, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that *the Company has used Rs.83,856 Lakhs for long term investment (Fixed Assets) out of funds raised on short-term basis by way of short-term credit facilities, reduction in current assets and increase in current liabilities.*
- 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. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- 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 any such case by the Management.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Pradip Law

Partner

Membership Number 51790

Kolkata

May 27, 2014

Balance Sheet as at 31st March, 2014

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

| | Note No. | As at 31st March, 2014 | As at 31st March, 2013 |
|--------------------------------|----------|---------------------------|---------------------------|
| Equity and Liabilities | | | |
| Shareholders' Funds | | | |
| Share Capital | 3 | 3,054 | 3,054 |
| Reserves and Surplus | 4 | 149,217 | 151,438 |
| | | 152,271 | 154,492 |
| Non-current Liabilities | | | |
| Long-term Borrowings | 5 | 254,694 | 229,570 |
| Deferred Tax Liabilities (Net) | 6 | 19,680 | 20,798 |
| Other Long-term Liabilities | 7 | 24,803 | 50,108 |
| Long-term Provisions | 8 | 3,098 | 2,853 |
| | | 302,275 | 303,329 |
| Current Liabilities | | | |
| Short-term Borrowings | 9 | 66,899 | 35,765 |
| Trade Payables | 10 | 150,315 | 143,653 |
| Other Current Liabilities | 11 | 93,928 | 69,221 |
| Short-term Provisions | 12 | 1,291 | 1,495 |
| | | 312,433 | 250,134 |
| TOTAL | | 766,979 | 707,955 |
| Assets | | | |
| Non-current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 13A | 510,289 | 328,527 |
| Intangible Assets | 13B | 217 | 195 |
| Capital Work-in-progress | 13C | 15,189 | 117,361 |
| Non-current Investments | 14 | 17,378 | 17,478 |
| Long-term Loans and Advances | 15 | 27,461 | 25,525 |
| Other Non-current Assets | 16 | - | 636 |
| | | 570,534 | 489,722 |
| Current Assets | | | |
| Current Investments | 17 | 100 | 800 |
| Inventories | 18 | 116,397 | 130,565 |
| Trade Receivables | 19 | 36,143 | 49,072 |
| Cash and Bank Balances | 20 | 15,495 | 12,311 |
| Short-term Loans and Advances | 21 | 23,548 | 20,650 |
| Other Current Assets | 22 | 4,762 | 4,835 |
| | | 196,445 | 218,233 |
| TOTAL | | 766,979 | 707,955 |

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. Jhawar
Chairman

Pradip Law

Partner
Membership No. 51790

R. Jhawar
Managing Director

Place : Kolkata
Date : 27th May, 2014

A. K. Somani
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2014

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

| | Note No. | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|--|----------|--------------------------------|--------------------------------|
| Income | | | |
| Revenue from Operations (Gross) | 26 | 358,493 | 334,698 |
| Less: Excise Duty | | 29,781 | 30,245 |
| Revenue from Operations (Net) | | 328,712 | 304,453 |
| Other Income | 27 | 7,783 | 4,322 |
| Total Revenue | | 336,495 | 308,775 |
| Expenses | | | |
| Cost of Materials Consumed | 28 | 106,773 | 112,868 |
| Purchases of Stock-in-trade | 29 | 1,788 | 351 |
| Changes in inventories of Finished Goods, Work-in-progress, Stock-in-trade and Scrap | 30 | (8,735) | (8,730) |
| Employees Benefits Expense | 31 | 20,571 | 17,678 |
| Finance Costs | 32 | 42,617 | 32,677 |
| Depreciation and Amortisation Expense | 33 | 30,351 | 23,524 |
| Other Expenses | 34 | 147,216 | 131,087 |
| Adjustment of Items Capitalised and Departmental Orders for own consumption | | (400) | (1,712) |
| Total Expenses | | 340,181 | 307,743 |
| Profit/(Loss) before Exceptional and Extraordinary items and tax | | (3,686) | 1,032 |
| Exceptional items | | - | - |
| Profit/(Loss) before Extraordinary items and tax | | (3,686) | 1,032 |
| Extraordinary items | | - | - |
| Profit/(Loss) before tax | | (3,686) | 1,032 |
| Tax expenses | | | |
| Current Tax | | - | 153 |
| Less MAT Credit Entitlement | | - | (153) |
| Excess Provision of Current Tax [including Fringe Benefit Tax Rs. Nil (Previous Year : Rs. 2)] relating to earlier years written back | | - | (87) |
| Deferred Tax Charge / (Credit) | | (1,118) | 414 |
| Profit/(Loss) for the period | | (2,568) | 705 |
| Earning/(Loss) per Equity Share [Nominal Value per Share Re.1/- (31st March 2013 Re.1/-)] | 43 | | |
| Basic | | (0.84) | 0.23 |
| Diluted | | (0.84) | 0.23 |

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. Jhawar
Chairman

Pradip Law

Partner
Membership No. 51790

R. Jhawar
Managing Director

Place : Kolkata
Date : 27th May, 2014

A. K. Somani
Company Secretary

Cash Flow Statement for the year ended 31st March, 2014 (All amounts in Rs. Lakhs, unless otherwise stated)

| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|---|--------------------------------|--------------------------------|
| A. Cash Flow from Operating Activities | | |
| Profit/(Loss) before Taxation | (3,686) | 1,032 |
| Adjustment for: | | |
| Depreciation and Amortisation Expense | 30,351 | 23,524 |
| Profit on sale of Tangible Assets (Net) | - | (14) |
| Loss on sale / or disposal of Tangible Assets (Net) | 1,033 | - |
| Interest Income | (1,889) | (1,069) |
| Dividend received from Subsidiary Companies | (433) | (414) |
| Dividend received from Current Investments | (344) | (188) |
| Finance Costs | 42,617 | 32,677 |
| Unrealised Foreign Currency (gain)/losses (Net) | 3,215 | (733) |
| Unrealised Derivative Gains (Net) | (1,719) | (1,389) |
| Provision for Doubtful Debts and Advances | 115 | 8 |
| Provision for Diminution in the Value of Long-term Investments | - | 27 |
| Provision for Doubtful Debts and Advances no longer required written back | (34) | (122) |
| Insurance claims received against Tangible Assets | (986) | - |
| Liabilities no longer required written back | (532) | (543) |
| Bad Debts /Advances written off | * | 121 |
| Tangible Assets written off | 11 | 2 |
| Operating profit before working capital changes | 67,719 | 52,919 |
| Changes in Working Capital: | | |
| Increase in Trade Payables | 6,597 | 7,878 |
| Increase in Long-term Provisions | 9 | 156 |
| Increase in Short-term Provisions | 331 | 415 |
| Increase in Other Current Liabilities | 3,250 | 1,060 |
| Decrease in Other Long-term Liabilities | (17) | (145) |
| Decrease/(Increase) in Trade Receivables | 12,719 | (13,055) |
| Decrease/(Increase) in Inventories | 14,168 | (9,291) |
| Decrease/(Increase) in Long-term Loans and Advances | 556 | (302) |
| Decrease in Other Non-current Assets | 636 | 1,551 |
| Increase in Short-term Loans and Advances | (1,879) | (1,138) |
| Decrease/(Increase) in Other Current Assets | 1,559 | (605) |
| | 37,929 | (13,476) |
| Cash generated from operations | 105,648 | 39,443 |
| Direct tax paid | (977) | (793) |
| Net cash generated from Operating Activities | 104,671 | 38,650 |
| B. Cash flow from Investing Activities: | | |
| Purchase of Tangible and Intangibles Assets [Refer (b) below] | (100,478) | (68,648) |
| Sale of Tangible Assets | 206 | 110 |
| Purchase of Long-term Investments | - | (10) |
| Insurance claims received against Tangible Assets | 986 | - |
| Redemption of Investment in Preference Shares in a Subsidiary Company | 800 | 400 |
| Loans and Advances to Subsidiary Companies | (25) | (4,814) |
| Interest Income received | 1,481 | 918 |
| Placement of fund in long-term deposits with bank having maturity of more than 3 months but less than 12 months | (2,203) | (12,108) |
| Realisation of long-term deposits with bank having maturity of more than 3 months but less than 12 months | 12,108 | 15,900 |
| Dividend received from Subsidiary Companies | 433 | 414 |
| Dividend received from Current Investments | 344 | 188 |
| Net Cash used in Investing Activities | (86,348) | (67,650) |

Cash Flow Statement for the year ended 31st March, 2014 (All amounts in Rs. Lakhs, unless otherwise stated)

| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|---|--------------------------------|--------------------------------|
| C. Cash flow from Financing Activities | | |
| Long-term Borrowings - Receipts | 65,000 | 60,000 |
| Long-term Borrowings - Repayments | (58,857) | (23,023) |
| Short term borrowings - Receipts | 31,132 | 15,461 |
| Finance Costs paid | (41,969) | (32,648) |
| Dividend paid (including tax thereon Rs. 78 ; Previous Year : Rs. Nil) | (540) | (5) |
| Net Cash from Financing Activities | (5,234) | 19,785 |
| Net increase/(decrease) in Cash and Cash Equivalents during the year | 13,089 | (9,215) |
| D. Cash and Cash Equivalents at the beginning of the year | 203 | 9,418 |
| Cash and Cash Equivalents at the end of the year. | 13,292 | 203 |
| Cash and cash equivalents comprise : | | |
| Cash on hand | 14 | 13 |
| Remittance in transit | 449 | 40 |
| Balance with Banks | | |
| In Current Accounts | 249 | 63 |
| In Unclaimed Dividend Accounts [Refer (c) below] | 59 | 64 |
| Demand deposits (less than 3 months maturity) | 12,521 | 23 |
| | 13,292 | 203 |

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

- 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.
- Includes interest expense capitalised Rs. 4,264 (Previous Year : Rs.5,713) which is net of interest income Rs.Nil (Previous Year : Rs.1,034) from deposits out of project funds pending utilisation.
- Earmarked for payment of unclaimed dividend.
- Refer Note 53.

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

For PRICE WATERHOUSE

Firm Registration Number : 301112E
Chartered Accountants

P. Jhavar
Chairman

Pradip Law

Partner
Membership No. 51790

R. Jhavar
Managing Director

Place : Kolkata
Date : 27th May, 2014

A. K. Somani
Company Secretary

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 are listed on 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. Pursuant to circular 15/2013 dated 13th September, 2013 read with circular 08/2014 dated 4th April, 2014, both issued by the Ministry of Corporate Affairs, till the standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules 2006, as amended] and other relevant provisions of the Companies Act, 1956 and Accounting Standard 30, Financial Instruments ; Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other Accounting Standard referred to in Section 211(3C) of the Act.

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 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 and other incidental expenses 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.

2.3 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.

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

2.4 Borrowing Cost

Borrowing Cost attributable to the acquisition and construction of qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use) 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.

2.5 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.

2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year are classified as current investments and are carried at cost or fair value, whichever is lower. 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.

2.7 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. Provision is made for obsolete/slow moving/defective stocks, wherever necessary.

2.8 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 at the closing exchange rate. With respect to long-term foreign currency monetary items, from 1st April, 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 expressed in a

foreign currency has a term of 12 months or more at the date of origination of the asset or liability.

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

2.9 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 1st April, 2009 the Company adopted Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India (ICAI) 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 effective 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 Government Grants

- Government grants of the nature of promoters' contribution are credited to Capital Reserve.
- Government grants related to specific fixed assets are deducted from gross values of related assets in arriving at their book values.
- 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.

2.15 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 (MAT) 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.

2.16 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.

2.17 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 systematic basis over the period of lease.

2.18 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company.

Further, inter-segment revenues 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 with 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)".

2.19 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.

2.20 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.

| 3. Share Capital | | |
|--|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Authorised: | | |
| 50,00,00,000 (31st March, 2013 : 50,00,00,000) Equity Shares of Re 1/- each | 5,000 | 5,000 |
| 1,00,00,00,000 (31st March, 2013 : 1,00,00,00,000) Redeemable Cumulative Preference Shares of Rs.50/- each | 5,000 | 5,000 |
| Total | 10,000 | 10,000 |
| Issued Subscribed and Paid-up: | | |
| 30,47,41,780 (31st March, 2013 : 30,47,41,780) Equity Shares of Re. 1/- each fully paid up | 3,047 | 3,047 |
| Add: Shares Forfeited | 7 | 7 |
| Total | 3,054 | 3,054 |

(a) 4,40,93,175 (31st March, 2013 : 2,42,74,715) 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, 2014 | | As at 31st March, 2013 | |
|--|------------------------|----------|------------------------|----------|
| | No of Shares | % | No of Shares | % |
| UMIL Shares & Stock Broking Services Limited | 38,888,369 | (12.76%) | 38,633,369 | (12.68%) |
| Usha Martin Ventures Limited | 20,477,588 | (6.72%) | 19,822,588 | (6.50%) |
| Peterhouse Investments Limited | 18,971,455 | (6.23%) | 18,971,455 | (6.23%) |
| Peterhouse Investments India Limited | 20,767,330 | (6.81%) | 20,767,330 | (6.81%) |
| Deutsche Bank Trust Company Americas | 44,093,175 | (14.47%) | 24,274,715 | (7.97%) |

Notes to the financial statements

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

| 4. Reserves and Surplus | | |
|---|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Capital Reserve | 3,718 | 3,718 |
| Capital Redemption Reserve | 2,285 | 2,285 |
| Securities Premium Account | 85,589 | 85,589 |
| General Reserve [Refer (a) below] | | |
| Balance as at the beginning of the year | 57,569 | 57,369 |
| Add: Transferred from Surplus in Statement of Profit and Loss during the year | - | 200 |
| Balance as at the end of the year | 57,569 | 57,569 |
| Hedging Reserve Account (Refer Note 2.9) | | |
| Balance as at the beginning of the year | (41) | (1,128) |
| Add: Additions during the year | 1,083 | 1,793 |
| Less : Transfer during the year | 655 | 706 |
| Balance as at the end of the year | 387 | (41) |
| "Foreign Currency Monetary Item Translation Difference Account [Refer Note 2.8]" | | |
| Balance as at the beginning of the year | 81 | (67) |
| Add: Additions during the year | - | 105 |
| Less : Transfer during the year | 81 | (43) |
| Balance as at the end of the year | - | 81 |
| Surplus in Statement of Profit and Loss | | |
| Balance as at the beginning of the year | 2,237 | 2,267 |
| Profit / (Loss) for the year | (2,568) | 705 |
| Less : Appropriations | | |
| Proposed dividend on Equity Shares for the year | - | 457 |
| Dividend distribution tax on Proposed dividend on Equity Shares | - | 78 |
| Transfer to General Reserve | - | 200 |
| Balance as at the end of the year | (331) | 2,237 |
| Total | 149,217 | 151,438 |

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

| 5. Long-term Borrowings | | |
|---|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Secured: | | |
| Term Loans | | |
| From Financial Institution (Rupee Loans) | 38,000 | 42,000 |
| From Banks | | |
| Rupee Loans [Refer item (iii) on Note 47] | 141,800 | 109,400 |
| Foreign Currency Loans | 74,894 | 78,170 |
| Total | 254,694 | 229,570 |

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.19,000 (31st March, 2013 : Rs.22,000) is repayable in ten quarterly installments commencing from 20th June, 2015 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.19,000 (31st March, 2013 : Rs. 20,000) is repayable in fourteen quarterly installments commencing from 20th June, 2015 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. 4,800 (31st March, 2013 : Rs. 6,400) is repayable in eleven quarterly installments from 29th April, 2015 to 29th October, 2017. Interest is payable on monthly basis at Base rate of the Bank plus 1.75% p.a.
- (d) Rupee term loan from a Bank amounting to Rs. 14,000 (31st March, 2013 : Rs. 18,000) is repayable in six quarterly installments commencing from 30th June, 2015 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)

- (e) Rupee term loan from a Bank amounting to Rs. 25,000 (31st March, 2013 : Rs. 25,000) is repayable in twenty eight quarterly installments commencing from 30th June, 2015 to 31st March, 2022. Interest is payable on monthly basis at Base rate of the Bank plus 1.80% p.a.
- (f) Rupee term loan from a Bank amounting to Rs. 25,000 (31st March, 2013 : Rs. 25,000) is repayable in twenty eight quarterly installments commencing from 29th June, 2015 to 29th March, 2022. Interest is payable on monthly basis at Base rate of the Bank plus 1.75% p.a.
- (g) Rupee term loan from a Bank amounting to Rs. 8,000 (31st March, 2013 : Rs. 10,000) is repayable in nine quarterly installments commencing from 12th May, 2015 to 12th May, 2017. Interest is payable on monthly basis at Base rate of the Bank plus 1.00% p.a.
- (h) Rupee term loan from a Bank amounting to Rs. 35,000 (31st March, 2013 : Rs. Nil) is repayable in thirtyone quarterly installments commencing from 30th June, 2016 to 31st December, 2023. Interest is payable on monthly basis at Base rate of the Bank plus 2.50% p.a.
- (i) Rupee term loan from a Bank amounting to Rs. 15,000 (31st March, 2013 : Rs. Nil) is repayable in twentyeight quarterly installments commencing from 31st March, 2016 to 31st December, 2022. Interest is payable on monthly basis at Base rate of the Bank plus 1.75% p.a.
- (j) Rupee term loan from a Bank amounting to Rs. 15,000 (31st March, 2013 : Rs. Nil) is repayable in twentyeight quarterly installments commencing from 31st December, 2015 to 30th September, 2022. Interest is payable on monthly basis at Base rate of the Bank plus 2.00% p.a.
- (k) Foreign Currency term loan from a Bank amounting to Rs. 74,894 (31st March, 2013 : Rs.67,856) 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.
- (l) Outstanding balances of loans as indicated in (a) to (k) above are exclusive of current maturities of such loans as disclosed in Note 11.

| 6. Deferred Tax Liabilities (Net) | | |
|---|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Deferred Tax Liabilities | | |
| Depreciation as per tax law and books | 47,935 | 34,373 |
| Exchange gain pertaining to fixed assets as per tax law and books | 603 | 398 |
| Total (A) | 48,538 | 34,771 |
| Deferred Tax Assets | | |
| Unabsorbed tax depreciation/loss @ | 27,504 | 13,167 |
| Disallowances allowable for tax purpose on payment | 954 | 438 |
| Provision for doubtful debts and advances | 399 | 366 |
| Deferred Revenue Expenditure | 1 | 2 |
| Total (B) | 28,858 | 13,973 |
| Net Deferred Tax Liabilities (A) - (B) | 19,680 | 20,798 |

@ Absorption expected based on future Taxable Income.

| 7. Other Long-term Liabilities | | |
|-----------------------------------|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Trade Payables (Refer Note 42) | 10 | 16 |
| Others | | |
| Capital Liabilities [Acceptances] | 24,782 | 49,600 |
| Derivative Liabilities | - | 470 |
| Security Deposits Received | 11 | 22 |
| Total | 24,803 | 50,108 |

| 8. Long-term Provisions | | |
|--|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Provision for Employees Benefits | 936 | 927 |
| Others Provisions | | |
| Provision for Restoration of Mines Sites [Refer (a) below] | 2,162 | 1,926 |
| Total | 3,098 | 2,853 |
| (a) Movement of Provision for Restoration of Mine Sites | | |
| Balance as at the beginning of the year | 1,926 | 1,034 |
| Additions | 301 | 993 |
| Amounts used | 65 | 101 |
| Balance as at the end of the year | 2,162 | 1,926 |

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, 2014 | As at 31st March, 2013 |
| Secured | | |
| Working Capital Loans from Banks @ | 60,399 | 35,765 |
| Unsecured | | |
| Commercial Papers From a Scheduled Bank | 6,500 | - |
| Total | 66,899 | 35,765 |
| <p>@ Nature of Security - 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.</p> | | |

| 10. Trade Payables | | |
|---------------------------|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Acceptances | 1,12,718 | 118,887 |
| Others (Refer Note 42) | 37,597 | 24,766 |
| Total | 1,50,315 | 143,653 |

| 11. Other Current Liabilities | | |
|---|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Current maturities of long-term debt (Refer Note 5) | 22,984 | 33,857 |
| Interest accrued but not due on borrowings | 2,150 | 1,863 |
| Interest accrued on trade payables and others | 516 | 176 |
| Unclaimed Dividend [Refer (a) below] | 59 | 64 |
| Unclaimed Matured Fixed Deposits | - | 2 |
| Unclaimed Interest on above [Refer (a) below] | * | 1 |
| Advances from Customers | 3,947 | 1,797 |
| Derivative Liabilities | 217 | 800 |
| Capital Liabilities [including Current maturities of long-term acceptances Rs. 9,148 (31st March, 2013 : Rs. Nil) and short-term acceptances Rs. 28,017 (31st March, 2013 : Rs.14,216)] | 53,107 | 23,348 |
| Security Deposits Received | 465 | 208 |
| Employees Benefits payable | 1,975 | 1,287 |
| Statutory dues (including Provident Fund, Tax deducted at Source, etc.) | 4,986 | 4,608 |
| Payable related to Forward Contracts [Refer Note 53] | 2,580 | 603 |
| Other Payables | 942 | 607 |
| Total | 93,928 | 69,221 |

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

(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, 2014 | As at 31st March, 2013 |
| Provision for Employees Benefits | 1,276 | 945 |
| Provision for Wealth Tax | 15 | 15 |
| Provision for Proposed Dividend on Equity Shares | - | 457 |
| Provision for Dividend Distribution Tax thereon | - | 78 |
| Total | 1,291 | 1,495 |

Notes to the financial statements

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

| 13 A. Tangible Assets | | | | | | | | | | | | | | |
|--|-----------------------------|---------------------------|---------------------------------------|-------------------------------------|-----------------------------|------------------------|---------------|--|------------------------------|------------------------|-----------------|--|------------------------|------------------------|
| | Gross Block | | | | Depreciation/Amortisation | | | | Impairment Loss | | | Net Block | | |
| | Cost as on 31st March, 2013 | Additions during the year | Disposal/ Adjustments during the year | Other Adjustments [Refer (b) below] | Cost as on 31st March, 2014 | As on 31st March, 2013 | For the year | On Disposal/ Adjustments during the year | Total up to 31st March, 2014 | As on 31st March, 2013 | During the year | On Items Sold/ Adjustments during the year | As on 31st March, 2014 | As on 31st March, 2013 |
| Land and Site Development | | | | | | | | | | | | | | |
| Freehold | 9,727 | 1,960 | - | - | 11,687 | - | - | - | - | - | - | - | 11,687 | 9,727 |
| Leasehold | 1,972 | - | - | - | 1,972 | 196 | 18 | - | 214 | - | - | - | 1,758 | 1,776 |
| Mining Lease and Development [Refer (a) below] | 11,583 | 4,158 | - | - | 15,741 | 4,481 | 2,088 | - | 6,569 | - | - | - | 9,172 | 7,102 |
| Buildings | 35,347 | 4,272 | 38 | - | 39,581 | 9,805 | 1,105 | 26 | 10,884 | - | - | - | 28,697 | 25,542 |
| Plant and Equipment | 385,753 | 152,414 | 11,839 | 25,680 | 552,008 | 123,616 | 23,880 | 9,220 | 138,276 | 1,408 | - | 1,408 | 413,732 | 260,729 |
| Railway Sidings | 3,531 | - | - | - | 3,531 | 811 | 491 | - | 1,302 | - | - | - | 2,229 | 2,720 |
| Electrical Installation | 26,917 | 21,385 | 112 | 3,167 | 51,357 | 8,368 | 2,387 | 106 | 10,649 | - | - | - | 40,708 | 18,549 |
| Water Treatment and Supply Plant | 1,912 | - | - | - | 1,912 | 982 | 75 | - | 1,057 | - | - | - | 855 | 930 |
| Office Equipment | 1,281 | 55 | 250 | - | 1,086 | 852 | 70 | 249 | 673 | - | - | - | 413 | 429 |
| Furniture and Fixtures | 801 | 88 | 114 | - | 775 | 496 | 46 | 113 | 429 | - | - | - | 346 | 305 |
| Vehicles | 1,295 | 102 | 132 | - | 1,265 | 577 | 109 | 113 | 573 | - | - | - | 692 | 718 |
| | 480,119 | 184,434 | 12,485 | 28,847 | 680,915 | 150,184 | 30,269 | 9,827 | 170,626 | 1,408 | - | 1,408 | 510,289 | 328,527 |
| 31st March 2013 | 419,210 | 53,298 | 513 | 8,124 | 480,119 | 127,145 | 23,454 | 415 | 150,184 | 1,408 | - | - | 1,408 | 328,527 |
| (a) Gross Block includes Rs. 2,355 [31st March, 2013 : Rs.2,054] on account of provision for meeting mine sites restoration obligation as referred to in Note 8. The depreciation for the current year includes Rs. 432 [31st March, 2013 : Rs. 334] on account of amortisation of the same. | | | | | | | | | | | | | | |
| (b) Other adjustments comprise adjustments on account of Borrowing Costs of Rs. 8,602 (31st March, 2013 : Rs. 2,074) and Exchange Loss of Rs. 20,245 (31st March, 2013 : Rs. 6050). | | | | | | | | | | | | | | |
| 13 B. Intangible Assets | | | | | | | | | | | | | | |
| | Gross Block | | | | Amortisation | | | | Impairment Loss | | | Net Block | | |
| | Cost as on 31st March, 2013 | Additions during the year | Disposal/ Adjustments during the year | Other Adjustments | Cost as on 31st March, 2014 | As on 31st March, 2013 | For the year | On Disposal/ Adjustments during the year | Total up to 31st March, 2014 | As on 31st March, 2013 | During the year | On Items Sold/ Adjustments during the year | As on 31st March, 2014 | As on 31st March, 2013 |
| Computer Softwares (Acquired) | 987 | 104 | - | - | 1,091 | 792 | 82 | - | 874 | - | - | - | 217 | 195 |
| | 987 | 104 | - | - | 1,091 | 792 | 82 | - | 874 | - | - | - | 217 | 195 |
| 31st March 2013 | 954 | 33 | - | - | 987 | 722 | 70 | - | 792 | - | - | - | 195 | 117,361 |
| 13 C. Capital Work-in-progress @ | | | | | | | | | | | | | | |
| @ Capital work-in-progress includes Project Development Expenses Rs.221 (31st March, 2013 : Rs.1,709) , Borrowing Costs Rs. 634 (31st March, 2013 : Rs.4,972) and Exchange Loss Rs. Nil (31st March, 2013 : Rs. 9,351). | | | | | | | | | | | | | | |

Notes to the financial statements

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

| 14. Non-current Investments | | |
|---|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Unquoted (valued at Cost unless stated otherwise) | | |
| Trade Investments | | |
| Investments in Equity Instruments : | | |
| Investments in Subsidiary Companies : | | |
| Usha Martin International Limited 59,09,388 (31st March, 2013 : 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, 2013 : 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, 2013 : 10,00,000) Ordinary Shares of SGD 1 each fully paid | 268 | 268 |
| Brunton Wolf Wire Rope, FZCO 114 (31st March, 2013 : 114) Ordinary Shares of AED 1,00,000 each fully paid | 1,777 | 1,777 |
| Usha Martin Americas Inc 40,00,000 (31st March, 2013 : 40,00,000) Shares of USD 1 each fully paid | 1,660 | 1,660 |
| UMICOR Africa (Proprietary) Limited [Refer Note (a) below] Nil (31st March, 2013 : 30,44,451) Ordinary Shares of Rand 1 each fully paid | - | - |
| UM Cables Limited 1,11,29,660 (31st March, 2013 : 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, 2013 : 49,940) Equity Shares of Rs. 10/- each fully paid [Net of provision for other than temporary diminution amounting to Rs. 1 (31st March, 2013 : Rs.1)] | 4 | 4 |
| Bharat Minex Private Limited 2,00,000 (31st March, 2013 : 2,00,000) Equity Shares of Rs. 10/- each fully paid [Net of provision for other than temporary diminution amounting to Rs. 10 (31st March, 2013:Rs 10)] | - | - |
| Investments in Joint Ventures Companies : [Refer (b) below] | | |
| Pengg Usha Martin Wires Private Limited 1,08,00,000 (31st March, 2013 : 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, 2013 : 73,500) Equity Shares of Rs.10/- each fully paid up | 73 | 73 |
| CCL Usha Martin Stressing System Limited 4,73,195 (31st March, 2013 : 4,73,195) Equity Shares of Rs.10/- each fully paid up [Net of provision for other than temporary diminution amounting to Rs.16 (31st March, 2013:Rs.16)] | 31 | 31 |
| Dove Airlines Private Limited 10,38,000 (31st March, 2013 : 10,38,000) Equity Shares of Rs.10/- each fully paid | 325 | 325 |
| Investments in Preference Shares : | | |
| Investment in Subsidiary Company : | | |
| UM Cables Limited 16,00,000 (31st March, 2013 : 17,00,000) 8% (Previous Year 2%) Redeemable Cumulative Preference Shares of Rs.100/- each fully paid | 1,600 | 1,700 |
| Investment in Joint Ventures Company : | | |
| Pengg Usha Martin Wires Private Limited 4,40,000 (31st March, 2013 : 4,40,000) 0.50% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid | 440 | 440 |
| Total (A) | 17,330 | 17,430 |
| Other than Trade Investments | | |
| Investments in Equity Instruments : | | |
| Adityapur Toll Bridge Company Limited 1,00,000 (31st March, 2013 : 1,00,000) Equity Shares of Rs.10/- each fully paid | 10 | 10 |
| Adityapur Auto Cluster 1,000 (31st March, 2013 : 1,000) Equity Shares of Rs.1000/- each fully paid | 10 | 10 |
| Usha Communications Technology Limited BVI 1,21,10,242 (31st March, 2013 : 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, 2013 : 1,80,68,472) Equity Shares of Rs.10/- each fully paid [At cost less write-down - Rs.327 (31st March, 2013 : Rs.327)] | * | * |
| Total (B) | 48 | 48 |
| Total (A) + (B) | 17,378 | 17,478 |

Notes to the financial statements

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

| | | |
|---|--------|--------|
| Aggregate amount of unquoted investment | 17,378 | 17,478 |
| Aggregate provision for diminution in value of investment | 27 | 27 |

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

- (a) Transfer of 3,044,451 Ordinary Shares acquired during the year ended 31st March, 2006 in UMICOR Africa (Proprietary) Limited (UMICOR) in the name of the Company could not be processed as UMICOR had 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). The liquidation process for UMICOR has been completed as per information received from the concerned legal advisor of the Company.
- (b) The Company's ownership interest and other particulars relating to the Joint Venture Companies have been set out in Note 48.
- (c) For classification of investments in accordance with AS 13 : Accounting for Investments, refer Note 52

| 15. Long-term Loans and Advances | | |
|---|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Unsecured Considered Good (unless otherwise stated) | | |
| Capital Advances | | |
| Considered Good | 19,219 | 16,728 |
| Considered Doubtful | 37 | - |
| Less : Provision for Doubtful Capital Advances | (37) | - |
| Security Deposits | 2,103 | 2,160 |
| Loans and Advances to Related Parties [Refer Note 47] | 525 | 525 |
| Loans and Advances to Employees | 53 | 45 |
| Other Loans and Advances | | |
| Prepaid Expenses | 5 | 4 |
| Electricity Duty Receivable - Considered doubtful | 92 | 92 |
| Less : Provision for Electricity Duty Receivable | (92) | (92) |
| MAT Credit Entitlement | 5,399 | 5,399 |
| Balances with Government Authorities | 157 | 664 |
| Total | 27,461 | 25,525 |

| 16. Other Non-Current Assets | | |
|---|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Unsecured Considered Good (unless otherwise stated) | | |
| Derivative Assets | - | 636 |
| Total | - | 636 |

| 17. Current Investments | | |
|---|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Unquoted (valued at Cost unless stated otherwise) | | |
| Trade Investments | | |
| Current Portion of Long-term Investments | | |
| 1,00,000 (31st March, 2013 : 8,00,000) Investment in 8% (Previous Year 2%) Redeemable Cumulative Preference Shares of Rs.100 each fully paid in UM Cables Limited, a subsidiary company | 100 | 800 |
| Total | 100 | 800 |

- (a) For classification of investments in accordance with AS 13 : Accounting for Investments, refer Note 52

| 18. Inventories | | |
|---|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| [Refer Note 2.7] | | |
| Raw Materials [including in transit - Rs. 11,192 (31st March, 2013 : Rs. 7,532)] | 21,524 | 41,431 |
| Work-in-progress [Refer (a) below] | 44,282 | 36,079 |
| Finished Goods [including in transit - Rs. 3,227 (31st March, 2013 : Rs.1,229)] [Refer (b) below] | 44,099 | 43,850 |
| Stock-in-trade (i.e. Traded Goods) | 28 | 50 |
| Stores and Spares Parts [including in transit - Rs.433 (31st March, 2013 : Rs. 464)] | 4,493 | 6,870 |
| Loose Tools | 1,475 | 2,094 |
| Scrap | 496 | 191 |
| Total (Refer Note 50) | 116,397 | 130,565 |

Notes to the financial statements

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

| | As at 31st March, 2014 | As at 31st March, 2013 |
|--|------------------------|------------------------|
| (a) Details of Work-in-progress | | |
| Steel Products in process (including Mined inputs) | 32,933 | 22,870 |
| Wire and Wire Rope Products in process | 11,349 | 13,209 |
| | 44,282 | 36,079 |
| (b) Details of Finished Goods | | |
| Wire Rods | 4,604 | 4,916 |
| Bars | 10,742 | 12,494 |
| Billets | 11,466 | 9,986 |
| Rolled Product | 17 | 325 |
| Wire Ropes, Strands including Locked Coil Wire Ropes | 2,508 | 2,898 |
| Wires | 1,932 | 1,720 |
| Bright Bar | 330 | 411 |
| Conveyor Cord | 34 | 35 |
| Miscellaneous Items | 12,466 | 11,065 |
| | 44,099 | 43,850 |

19. Trade Receivables

| | As at 31st March, 2014 | As at 31st March, 2013 |
|--|------------------------|------------------------|
| Unsecured | | |
| Outstanding for a period exceeding six months from the date they became due for payment: | | |
| Considered Good | 408 | 229 |
| Considered Doubtful | 684 | 689 |
| Less: Provision for Doubtful Debts | (684) | (689) |
| | 408 | 229 |
| Others | | |
| Considered Good | 35,735 | 48,843 |
| | 35,735 | 48,843 |
| Total | 36,143 | 49,072 |

20. Cash and Bank Balances

| | As at 31st March, 2014 | As at 31st March, 2013 |
|---|------------------------|------------------------|
| Cash and Cash Equivalents | | |
| Cash on hand | 14 | 13 |
| Remittance in transit | 449 | 40 |
| Bank Balances | | |
| In current accounts | 249 | 63 |
| In Unclaimed Dividend Accounts @ | 59 | 64 |
| Demand deposits (less than 3 months maturity) | 12,521 | 23 |
| | 13,292 | 203 |
| Other Bank Balances | | |
| Long-term deposits with maturity more than 3 months but less than 12 months | 2,203 | 12,108 |
| | 2,203 | 12,108 |
| Total | 15,495 | 12,311 |

@ Earmarked for payment of unclaimed dividend.

Notes to the financial statements

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

| 21. Short-term Loans and Advances | | |
|---|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Unsecured Considered Good (unless otherwise stated) | | |
| Loans and Advances to Related Parties [Refer Note 47] | 5,501 | 5,475 |
| Advances against procurement of goods, services etc. | | |
| Considered good | 5,647 | 2,955 |
| Considered doubtful | 372 | 325 |
| Less: Provision for Doubtful Advances | (372) | (325) |
| Advance Income Tax [Net of provision for tax Rs. 16,326 (31st March, 2013); Rs.16,326] | 2,723 | 1,746 |
| Others Loans and Advances | | |
| Deposits | | |
| Considered Good | 261 | 209 |
| Considered Doubtful | 15 | 15 |
| Less: Provision for Doubtful Deposits | (15) | (15) |
| Prepaid Expenses | 1,768 | 1,806 |
| Balance with Government Authorities | 7,322 | 8,256 |
| Other Advances | | |
| Considered Good | 326 | 203 |
| Considered Doubtful | 10 | 8 |
| Less: Provision for Doubtful Other Advances | (10) | (8) |
| Total | 23,548 | 20,650 |

| 22. Other Current Assets | | |
|---|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Unsecured Considered Good (unless otherwise stated) | | |
| Interest accrued on Loans to a Subsidiary [Refer Note 47] | 479 | - |
| Interest accrued on deposits and others | 84 | 155 |
| Export Incentive Receivables | 2,150 | 1,436 |
| Claims Receivable | 835 | 577 |
| Derivative Assets | 900 | 2,312 |
| Other Recoverables | 6 | 18 |
| Unamortised Expenses: | | |
| Unamortised Premium on Forward Contracts | 308 | 337 |
| Total | 4,762 | 4,835 |

| 23. Contingent Liabilities | | |
|--|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| (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 | 1,940 |
| Demand for Sales Tax & Entry Tax # | 3,232 | 1,977 |
| Demand for Excise Duty and Service Tax # | 6,498 | 6,493 |
| Demand for Customs Duty | 83 | 83 |
| Outstanding Labour Disputes | 48 | 44 |
| Disputed Electricity duty rebate matters which is subjudice | 551 | 528 |
| Disputed Demand for Fuel Surcharge matter for which the Company has filed writ petition before The Hon'ble High Court of Jharkhand at Ranchi. | 1,637 | - |
| Disputed Demand for Mining matter for which the Company has filed writ petition before The Hon'ble High Court of Jharkhand at Ranchi. | 1,940 | - |
| # Out of the above, stay orders against demand for Sales Tax amounting to Rs.237 (31st March, 2013 : Rs. 744) and demand for Excise Duty and Service Tax amounting to Rs. 4,324 (31st March, 2013 : Rs. 2,606) have been obtained by the Company. | | |
| (b) Guarantees | | |
| Corporate Guarantee Given by the Company to secure the financial assistance/accommodation extended to other Bodies Corporate | 15,056 | 12,878 |
| (c) Bills discounted with Banks including against Letter of Credit | 15,433 | 8,189 |
| (d) In respect of the contingent liabilities mentioned in Note 23(a) above, pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any. In respect of matters mentioned in Note 23 (b) above, the cash outflows, if any, could generally occur during the validity period of the respective guarantees. The Company does not expect any reimbursements in respect of the above contingent liabilities. | | |

Notes to the financial statements

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

| 24. Commitments | | As at 31st March, 2014 | As at 31st March, 2013 |
|-----------------|---|------------------------|------------------------|
| (a) | Capital Commitments | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for | 8,159 | 18,138 |
| (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 fulfil quantified export in the next five years. | 1,78,773 | 250,932 |
| | Outstanding Letter of Credit for materials yet to be received | 3,644 | 1,362 |

| 25. Proposed Dividend | | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|---|-----------------------------|--------------------------------|--------------------------------|
| The dividend proposed for the year is as follows: | | | |
| On Equity Shares of Re. 1/- each | | | |
| | Amount of dividend proposed | - | 457 |
| | Dividend per Equity Share | - | Re. 0.15 per Share |

| 26. Revenue from Operations (Gross) | | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|--------------------------------------|--|--------------------------------|--------------------------------|
| (i) Sale of Products | | | |
| Manufactured Items | | | |
| | Wire Rods | 51,058 | 54,319 |
| | Bars | 86,643 | 90,483 |
| | Billets | 42,555 | 8,490 |
| | Rolled Product | 3,628 | 21,885 |
| | Wire Ropes, Strands including Locked Coil Wire Ropes | 99,143 | 94,836 |
| | Wires | 44,853 | 41,319 |
| | Bright Bar | 9,333 | 8,733 |
| | Conveyor Cord | 2,287 | 3,041 |
| | Miscellaneous Items | 6,526 | 2,431 |
| | | 346,026 | 325,537 |
| Traded Goods | | | |
| | Tube Unit | 536 | 473 |
| | Coking Coal | 1,441 | - |
| | Miscellaneous Items | 97 | 25 |
| | | 2,074 | 498 |
| | Total | 348,100 | 326,035 |
| (ii) Sale of Services | | | |
| | Service Charges | 666 | 337 |
| | Total | 666 | 337 |
| (iii) Other Operating Revenue | | | |
| | Product Scrap Sales | 8,350 | 6,190 |
| | Export Incentives | 1,377 | 2,136 |
| | Total | 9,727 | 8,326 |
| | Total Revenue from Operations (Gross) | 358,493 | 334,698 |

Notes to the financial statements

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

| 27. Other Income | | |
|---|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| Interest Income | 1,889 @ | 1,069 @ |
| Income from Non-current Investments | | |
| -Dividend from subsidiary companies | 433 | 414 |
| Income from Current Investments - Dividend | 344 | 188 |
| Non Product Scrap Sales | 561 | 250 |
| Net Gain on Derivative Contracts | 1,719 | 1,389 |
| Provision for Doubtful Debts and Advances no longer required written back | 34 | 122 |
| Liabilities no longer required written back | 532 | 543 |
| Profit on sale of Tangible Assets (Net) | - | 14 |
| Claims Received | 1,676 | 199 |
| Miscellaneous Income | 595 | 134 |
| Total | 7,783 | 4,322 |

@ Net of Rs. Nil (Previous Year : Rs.1,034) credited against interest capitalisation towards temporary investment of project borrowings.

| 28. Cost of Materials Consumed | | |
|---|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| Opening Stock | 41,431 | 41,411 |
| Add: Purchases | 86,866 | 112,888 |
| | 128,297 | 154,299 |
| Deduct: Closing Stock | 21,524 | 41,431 |
| Total | 106,773 | 112,868 |
| Details of Materials Consumed | | |
| Metallic (Ferrous bearing) | 5,477 | 7,153 |
| Coke | 25,419 | 60,958 |
| Alloys | 18,351 | 15,770 |
| Coking Coal | 24,708 | - |
| Other Materials [individual item does not exceed 10% of total materials consumed] | 32,818 | 28,987 |
| Total | 106,773 | 112,868 |

| 29. Purchases of Stock-in-Trade | | |
|--|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| Tube Unit | 412 | 351 |
| Coking Coal | 1,308 | - |
| Miscellaneous Items | 68 | - |
| Total | 1,788 | 351 |

| 30. Change in Inventories of Finished Goods, Work-in-Progress, Stock-in-Trade and Scrap | | |
|--|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| (Increase)/Decrease in stocks: | | |
| Finished Goods | | |
| Opening Stock | 43,850 | 39,347 |
| Deduct : Closing Stock | 44,099 | 43,850 |
| | (249) | (4,503) |
| Work-in-progress | | |
| Opening Stock | 36,079 | 31,405 |
| Deduct : Closing Stock | 44,282 | 36,079 |
| | (8,203) | (4,674) |
| Stock-in-trade | | |
| Opening Stock | 50 | 70 |
| Deduct : Closing Stock | 28 | 50 |
| | 22 | 20 |
| Scrap | | |
| Opening Stock | 191 | 618 |
| Deduct : Closing Stock | 496 | 191 |
| | (305) | 427 |
| (Increase) / Decrease in stocks [Refer Note 50] | (8,735) | (8,730) |

Notes to the financial statements

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

| 31. Employees Benefits Expense | | |
|---|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| Salaries, Wages and Bonus | 16,756 | 13,925 |
| Contribution to Provident and Other Funds | 1,589 | 1,715 |
| Workmen and Staff Welfare Expenses | 2,226 | 2,038 |
| Total | 20,571 | 17,678 |

| (a) Post Employment Defined Contribution Plans | | |
|--|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| Amount recognised in the Statement of Profit and Loss | | |
| (i) Provident Fund paid to the authorities @ | 30 | 26 |
| (ii) Pension Fund paid to the authorities | 329 | 314 |
| (iii) Superannuation Fund - Contribution paid to a Trust | 321 | 252 |
| | 680 | 592 |

⊙ Contribution towards Provident Fund for certain employees is made to the regulatory authorities. Such Provident Fund benefit is classified as Defined Contribution Scheme as the Company does not carry any further obligations, apart from the contribution made on a monthly basis which is 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 2.12 (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, 2014 | As at 31st March, 2013 |
|---|-------------------------------|------------------------|
| Present Value of Obligation at the beginning of the year | 4,161 | 3,415 |
| Current Service Cost | 141 | 138 |
| Interest Cost | 363 | 276 |
| Actuarial (Gains)/ Losses | 28 | 459 |
| Benefits Paid | (256) | (127) |
| Present Value of Obligation at the end of the year | 4,437 | 4,161 |

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

| | As at 31st March, 2014 | As at 31st March, 2013 |
|---|-------------------------------|------------------------|
| Fair Value of Plan Assets at the beginning of the year | 3,271 | 2,894 |
| Expected Return on Plan Assets | 294 | 239 |
| Actuarial Gains/ (Losses) | (8) | 39 |
| Contributions | - | 226 |
| Benefits Paid | (256) | (127) |
| Fair Value of Plan Assets at the end of the year | 3,301 | 3,271 |

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

| | As at 31st March, 2014 | As at 31st March, 2013 |
|---|-------------------------------|------------------------|
| Present Value of Obligation at the end of the year | 4,437 | 4,161 |
| Fair Value of Plan Assets at the end of the year | 3,301 | 3,271 |
| Assets/(Liabilities) recognised in the Balance Sheet | (1,136) | (890) |

Notes to the financial statements

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

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

| | As at 31st March, 2014 | As at 31st March, 2013 |
|---|------------------------|------------------------|
| Current Service Cost | 141 | 138 |
| Interest Cost | 363 | 276 |
| Expected Return on Plan Assets | (294) | (239) |
| Actuarial (Gains)/ Losses | 36 | 420 |
| Total Expense (Recognised under Contribution to Provident and Other Funds) | 246 | 595 |

(v) Category of Plan Assets

| | As at 31st March, 2014 | As at 31st March, 2013 |
|----------------------------------|------------------------|------------------------|
| Fund with LIC | 3,232 | 3,172 |
| Fund with SBI Life Insurance | 41 | 38 |
| Fund with HDFC Standard Life | - | 37 |
| Others (including Bank balances) | 28 | 24 |
| Total | 3,301 | 3,271 |

(vi) Actual Return on Plan Assets 286 278

(vii) Principal Actuarial Assumptions

| | As at 31st March, 2014 | As at 31st March, 2013 |
|--------------------------|------------------------|------------------------|
| Discount Rate | 9.00% | 8.25% |
| Salary Escalation | 6.00% | 6.00% |
| Expected Return on Asset | 9.00% | 8.25% |

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

| | 31st March 2014 | 31st March 2013 | 31st March 2012 | 31st March 2011 | 31st March 2010 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Present Value of the Plan Obligation as at the end of the year | 4,437 | 4,161 | 3,415 | 3,137 | 2,896 |
| Fair Value of Plan Assets as at the end of the year | 3,301 | 3,271 | 2,894 | 2,840 | 2,423 |
| Surplus / (Deficit) as at the end of the year | (1,136) | (890) | (521) | (297) | (473) |
| Experience Adjustments on Plan Assets [Gain/ (Loss)] | (8) | 39 | 10 | 28 | 31 |
| Experience Adjustments on Plan Obligation [(Gain)/Loss] | 28 | 459 | 418 | 179 | 403 |

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 Fund 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 the employees 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.

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. 663 (31st March, 2013 : Rs.528) 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 | As at 31st March, 2014 | As at 31st March, 2013 |
|----------------------------------|------------------------|------------------------|
| Discount Rate | 9.00% | 8.50% |
| Expected Return on Exempted Fund | 8.85% | 8.59% |
| Expected EPFO Return | 8.75% | 8.50% |

Notes to the financial statements

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

| 32. Finance Costs | | |
|--------------------------|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| Interest Expenses | 41,213 | 31,389 |
| Other Borrowing Costs | 1,404 | 1,288 |
| Total | 42,617@ | 32,677@ |
| @ Net of Capitalisation | 4,264 | 6,747 |

| 33. Depreciation and Amortisation Expense | | |
|--|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| Depreciation and Amortisation on Tangible assets | 30,269 | 23,454 |
| Amortisation of Intangible assets | 82 | 70 |
| Total | 30,351 | 23,524 |

| 34. Other Expenses | | |
|--|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| Consumption of Stores and Spare Parts | 24,227 | 20,707 |
| Power and Fuel | 35,272 | 40,974 |
| Material Handling Charges | 23,699 | 20,631 |
| Repairs to Buildings | 1,827 | 1,384 |
| Repairs to Machinery | 11,209 | 9,567 |
| Royalty | 5,909 | 5,537 |
| Rent | 270 | 250 |
| Rates and Taxes [including Wealth Tax of Rs.15; (Previous Year : Rs.15)] | 327 | 163 |
| Insurance | 1,002 | 737 |
| Freight, Transport and Delivery | 16,095 | 11,513 |
| Processing Charges | 12,747 | 8,690 |
| Travelling Expenses | 880 | 987 |
| Directors' Fees | 13 | 6 |
| Net loss on foreign currency transaction and translation | 4,141 | 2,609 |
| Provision for Doubtful Debts and Advances | 115 | 8 |
| Provision for Diminution in the value of long term Investments | - | 27 |
| Bad Debts and Advances Written off | * | 121 |
| Excise Duty on Stocks, Replacements etc. | 261 | 868 |
| Loss on Sale / Disposal of Tangible Assets (Net) | 1,033 | - |
| Miscellaneous Expenses [Refer (a) below] | 8,189 | 6,308 |
| Total | 147,216 | 131,087 |
| * Amount is below the rounding off norm adopted by the Company. | | |
| (a) Includes remuneration paid/payable to Auditors' : | | |
| As Auditors' | | |
| Audit Fee | 54 | 54 |
| Tax Audit Fee | 7 | 6 |
| Other matters (Certificates etc.) | 31 | 32 |
| Reimbursement of Expenses [Excluding Service Tax Rs. 11 (Previous Year: Rs. 10) not routed through the Statement of Profit and Loss] | 2 | 2 |
| Total | 94 | 94 |

| 35. | | | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|------------|---|--|--|--------------------------------|
| (a) | The following are included under different heads of Other Expenses in the Statement of Profit and Loss: | | | |
| | Consumption of Stores and Spare Parts | | 829 | 595 |
| | Material Handling Charges | | 842 | 573 |
| | Repairs to Plant and Machinery | | 771 | 403 |
| | Repairs to Building | | 46 | 13 |
| (b) | Total Consumption of Stores and Spare Parts | | 25,056 | 21,302 |

Notes to the financial statements

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

| 36. Research and Development Expenditure | | |
|---|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| Revenue | 289 | 111 |
| Capital | - | - |

| 37. Value of Imports Calculated on C.I.F basis: | | |
|--|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| Raw Materials | 60,633 | 54,828 |
| Components and Spare Parts | 6,754 | 3,154 |
| Capital Goods | 3,750 | 16,062 |

| 38. Value of imported and indigenous materials consumed | | | | |
|--|--|-------------|--------------------------------|-------------|
| | Year ended 31st March, 2014 | | Year ended 31st March, 2013 | |
| | Value | % | Value | % |
| (i) Materials | | | | |
| Imported | 59,136 | 55% | 68,155 | 60% |
| Indigenous | 47,637 | 45% | 44,713 | 40% |
| Total | 106,773 | 100% | 112,868 | 100% |
| (ii) Stores and Spare Parts | | | | |
| Imported | 3,913 | 16% | 2,073 | 10% |
| Indigenous | 21,143 | 84% | 19,229 | 90% |
| Total | 25,056 | 100% | 21,302 | 100% |

| 39. Expenditure (including on Capital Account) in Foreign Currency on account of | | |
|---|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| Professional and Consultancy Fees | 581 | 217 |
| Interest including Other Borrowing Costs | 3,190 | 2,592 |
| Research and Development Expenditure | 208 | - |
| Purchase of Stock-in-trade | 65 | - |
| Other Matters | 1,360 | 604 |

| 40. Amount Remitted in Foreign Currency on account of | | |
|--|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| Dividend paid during the year | * | - |
| Year to which the dividend relates | Year ended 31st March 2013 | Year ended 31st March 2012 |
| Number of non-resident Shareholders | 1 | 2 |
| Number of Shares held by non-resident Shareholders | 520 | 1,040 |

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

| 41. Earnings in Foreign Currency on account of | | |
|---|--|--------------------------------|
| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| Revenue from Export of Goods on F.O.B basis | 80,118 | 49,672 |
| Interest Received | 67 | 62 |
| Service Charges | 1 | 7 |
| Dividend Received | 293 | 298 |
| Commission Received on Corporate Guarantees | 145 | - |
| Reimbursement of Expenses related to the Depository Receipt | 49 | - |

Notes to the financial statements

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

| 42. Information relating to Micro and Small Enterprises (MSEs) | | | |
|---|--|------------------------|------------------------|
| | | As at 31st March, 2014 | As at 31st March, 2013 |
| | The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows: | | |
| (i) | The principal amount and interest due thereon remaining unpaid to any supplier registered under MSMED Act as at the end of the year | | |
| | Principal | 293 | 57 |
| | Interest | - | - |
| (ii) | The amount of interest paid by the buyer in terms of Section 16 to the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the year. | | |
| | Principal | Nil | Nil |
| | Interest | Nil | Nil |
| 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. | | | |

| 43. Computation of Earning/(Loss) per Equity Share | | | |
|---|--|--------------------------------|--------------------------------|
| (I) Basic | | | |
| | | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| (a) | (i) Number of Equity Shares at the beginning of the year | 304,741,780 | 304,741,780 |
| | (ii) Number of Equity Shares at the end of the year | 304,741,780 | 304,741,780 |
| | (iii) Weighted average number of Equity Shares outstanding during the year | 304,741,780 | 304,741,780 |
| | (iv) Face Value of each Equity Share Re. | 1 | 1 |
| (b) | Profit /(Loss) after tax attributable to Equity Shareholders | | |
| | Profit /(Loss) for the period | (2,568) | 705 |
| (c) | Basic Earning/(Loss) per Share [(b)/(a)(iii)] - Rs. | (0.84) | 0.23 |
| (II) Diluted | | | |
| (a) | Dilutive Potential Equity Shares | - | - |
| (b) | Diluted Earning /(Loss) per Share [same as I (c) above] | (0.84) | 0.23 |

| 44. Expenses (net of revenue/ captive consumption) on trial run production of various projects incurred during the year and added to cost of fixed assets are as follows : | | | |
|---|--|--------------------------------|--------------------------------|
| | | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
| | Cost of Materials Consumed | 53,616 | 7,118 |
| | Consumption of Stores and Spares Parts | 876 | - |
| | Power and Fuel | 168 | - |
| | Total (A) | 54,660 | 7,118 |
| | Absorbed in subsequent production process during trial run for captive consumption | 31,600 | 4,246 |
| | Total (B) | 31,600 | 4,246 |
| | Net Trial Run Expenses (A - B) | 23,060 | 2,872 |

During the year various major projects like Pellet plant, Coke Oven plant, Sponge Iron plant, Power plants, etc. in respect of which trial run expenses are incurred, have been commissioned and capitalised.

Notes to the financial statements

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

45. Segment Information for the year ended 31st March, 2014

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, etc. |
| Others | : | Jelly Filled Telecommunication Cables, Wire Drawing and allied machineries, etc. |

Segment Revenues, Results and Other Information

| | Steel | Wire and Wire Ropes | Others | Total of Reportable Segment |
|--|---------------------------|---------------------------|-------------------------|-----------------------------|
| External Revenue from Operations @ | 175,188 156,040 | 151,909 147,406 | 1,615 1,007 | 328,712 304,453 |
| Inter Segment Revenue from Operations @ | 77,648 83,723 | 20 58 | 350 1,704 | 78,018 85,485 |
| Other Income | 3,362 807 | 928 1,476 | 157 237 | 4,447 2,520 |
| Segment Revenues | 256,198 240,570 | 152,857 148,940 | 2,122 2,948 | 411,177 392,458 |
| Segment Results | 25,351 20,558 | 14,281 14,910 | 60 (108) | 39,692 35,360 |
| Segment Assets | 610,102 547,783 | 117,323 122,412 | 12,211 12,992 | 739,636 683,187 |
| Segment Liabilities | 221,232 205,157 | 25,611 24,000 | 322 45 | 247,165 229,202 |
| Capital Expenditure (Net) | 107,930 97,444 | 3,069 5,043 | - - | 110,999 102,487 |
| Depreciation and Amortisation | 25,018 18,665 | 5,059 4,596 | 108 116 | 30,185 23,377 |
| Non cash expenses other than depreciation and amortisation | 99 12 | 14 11 | - 107 | 113 130 |

@ Net of excise duty

Reconciliation of Reportable Segments with the Financial Statements

| | Revenues | Results/Net Profit (Loss) | Assets | Liabilities # |
|---|-----------------------------|-----------------------------|---------------------------|---------------------------|
| Total of Reportable Segments | 411,177 392,458 | 39,692 35,360 | 739,636 683,187 | 247,165 229,202 |
| Corporate - Unallocated /Others (Net) | 3,336 1,802 | (761) (1,651) | 27,343 24,768 | 367,543 324,261 |
| Inter Segment Revenue from Operations | (78,018) (85,485) | - - | - - | - - |
| Finance Costs | - - | (42,617) (32,677) | - - | - - |
| Tax expenses -Current Tax | - - | - (66) | - - | - - |
| MAT Credit Entitlement | - - | - 153 | - - | - - |
| Tax expenses -Deferred Tax Charge/ (Credit) | - - | (1,118) 414 | - - | - - |
| As per Financial Statements | 336,495 308,775 | (2,568) 705 | 766,979 707,955 | 614,708 553,463 |

Excluding Shareholders' Funds.

Figures in normal type relates to Previous Year.

Notes to the financial statements

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

45. Segment Information for the year ended 31st March, 2014 (Contd.)

B. Secondary Segment Reporting (by Geographical Segments)

| | Domestic | Exports | Total |
|---|---------------------------|-------------------------|---------------------------|
| Segment Revenue from external customers | 250,368 255,621 | 82,791 51,352 | 333,159 306,973 |
| Segment Assets | 739,636 683,187 | - | 739,636 683,187 |
| Capital Expenditure | 110,999 102,487 | - | 110,999 102,487 |

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). Both these lease agreements had been extended till 2026-27. 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 are 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 are 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 2014 | As at 31st March 2013 | As at 31st March 2014 | As at 31st March 2013 |
| Up to one year | 894 | 894 | 296 | 296 |
| More than one year and up to five years | 3,494 | 3,578 | 1,153 | 1,184 |
| More than five years | 6,266 | 7,112 | 2,510 | 2,797 |

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

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|-----------------------------------|----------------------------|----------------------------|
| Lease Rent | 894 | 894 |
| Operation and Maintenance Charges | 296 | 296 |
| Escalation Charges and Taxes | 415 | 229 |
| Total | 1,605 | 1,419 |

- (b) The Company has entered into cancellable operating lease arrangements for taking on lease gaseous oxygen plant, accommodation for office spaces, employees residential accommodation etc. Tenure of leases generally vary between 1 and 10 years. Terms of the leases include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rentals aggregating Rs. 600 (31st March, 2013 Rs. 554) have been debited to the Statement of Profit and Loss.

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.

| (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- |
| 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 Ruyter Staalkabel B.V. (De Ruyter) | -do- |
| Usha Martin Europe B.V. (UMEBV) | -do- |
| Usha Martin Italia S.R.L. (UMISRL) | -do- |
| UM Cables Limited (UMCL) | -do- |
| Usha Martin Power and Resources Limited (UMPRL) | -do- |
| Bharat Minex Private Limited (BMPL) | -do- |
| Usha Martin China Company Limited (UMCCL) [with effect from 25th April, 2013] | -do- |
| (b) Others : | |
| Gustav Wolf Speciality Cords Limited (GWSCS) | 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. 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- |
| Ambe International Pte. Limited (AIPL) [with effect from 11th May, 2013] | Enterprise over which Key Managerial Personnel are able to exercise significant influence |

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.)

| Particulars of Transactions during the year ended 31st March, 2014 | | | | | | | | | | | Balance outstanding at the year end | | | | | | | |
|--|-------------------------------|-------------------|-------------------|---------------|-----------------------------------|-------------------------|--|---|---|--|-------------------------------------|--------------------------------------|-----------------------------------|-------------------|---|---|----------------------|---|
| 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) | Director's Remuneration | Brokerage and Discount on Sale of Products | Directors' Commission/ Incentive Paid (net of tax deducted at source) | Reimbursement/ (Recoveries) of Expenses (Net) | Receiving/ (Recoveries) of Management and other Services | Redemption of Preference Shares | Loans/ Advances (taken)/ given (net) | Corporate /Other Guarantees Given | Trade Receivables | Trade Payables/ Other Current Liabilities | Loans and Advances (Long-term / Short-term) | Other Current Assets | Investments in Equity and Preference Shares |
| Substantial interest in voting power of the Company | | | | | | | | | | | | | | | | | | |
| UMISSL | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | * |
| Total | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | * |
| Subsidiary Companies | | | | | | | | | | | | | | | | | | |
| UMIL | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,181 |
| UMAI | 5,467 | - | - | - | - | 43 | - | (3) | (45) | - | - | - | 980 | 33 | - | - | - | 6,181 |
| | 6,032 | - | - | - | - | 53 | - | (2) | - | - | - | - | 654 | 31 | 22 | - | - | 1,660 |
| UMUK | 10,676 | 34 | - | - | - | 91 | - | 231 | - | - | 1 | - | 2,511 | - | - | - | - | 1,660 |
| | 6,505 | 145 | - | - | - | 40 | - | 1 | - | - | - | - | 2,241 | 28 | - | - | - | - |
| UMVCL | 162 | - | - | - | - | - | - | * | - | - | - | - | * | - | - | - | - | - |
| | 206 | - | - | - | - | - | - | * | - | - | - | - | 62 | - | - | - | - | - |
| UMAUS | 3,764 | - | - | - | - | 4 | - | (2) | - | - | - | - | 1,611 | - | - | - | - | - |
| | 2,635 | - | - | - | - | 3 | - | (1) | - | - | - | - | 1,089 | - | - | - | - | - |
| UMPL | - | - | - | - | - | - | - | * | - | - | - | - | - | - | - | - | - | 4 |
| | - | - | - | - | - | - | - | * | - | - | - | - | - | - | - | - | - | 4 |
| BMPL | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| PTUMI | - | - | - | - | - | - | - | (1) | - | - | - | - | 1 | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| USSIL | 7,709 | - | - | - | (67) | 74 | - | (10) | (42) | - | - | - | 1,349 | - | 924 | - | - | 2,620 |
| | 6,279 | - | - | - | (62) | - | - | (22) | - | - | - | - | 3,872 | 943 | - | - | - | 2,620 |
| DE RUITER | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| UMSPL | 9,483 | - | - | - | - | 96 | - | (33) | (21) | - | - | - | 1,287 | - | - | - | - | 268 |
| | 9,928 | - | - | - | - | 14 | - | 68 | - | - | - | - | 2,994 | - | - | - | - | 268 |
| BWMR | 10,842 | 65 | 293 | - | - | - | - | 2 | (37) | - | - | - | 2,081 | 63 | 1 | - | - | 1,777 |
| | 10,173 | - | 298 | - | - | - | - | 6 | - | - | - | - | 2,304 | 6 | - | - | - | 1,777 |
| UM EUROPE | 789 | - | - | - | - | 1 | - | - | - | - | - | - | 220 | - | - | - | - | - |
| | 846 | - | - | - | - | - | - | - | - | - | - | - | 239 | - | - | - | - | - |
| UMCL | 20 | - | 140 | - | (532) | - | - | (20) | (198) | (800) | - | - | 5 | - | 4,542 | 479 | - | 2,971 |
| | 32 | 1 | 116 | - | (182) | - | - | (5) | - | (400) | 4,500 | - | 8 | - | 4,504 | - | - | 3,771 |
| UMISRL | - | - | - | - | - | - | - | - | 208 | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| UMCCL | - | - | - | - | - | - | - | (1) | - | - | - | - | 1 | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 48,912 | 99 | 433 | - | (599) | 309 | - | 163 | (135) | (800) | 35 | 13,979 | 10,046 | 96 | 6,021 | 479 | - | 15,481 |
| | 42,636 | 146 | 414 | - | (244) | 110 | - | 45 | - | (400) | 4,767 | 11,724 | 13,463 | 59 | 5,995 | - | - | 16,281 |

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

Net of provision for other than temporary diminution [Refer Note 14]

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.)

| Particulars of Transactions during the year ended 31st March, 2014 | | | | | | | | | | | | | | | | | | |
|--|-------------------------------|-------------------|-------------------|---------------|----------------------------------|-------------------------|--|---|---|--|---------------------------------|-------------------------------------|------------------------------------|-------------------|---|---|----------------------|---|
| 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 | Brokerage and Discount on Sale of Products | Directors' Commission/ Incentive Paid (net of tax deducted at source) | Reimbursement/ (Recoveries) of Expenses (Net) | Receiving/ (Recoveries) of Management and other Services | Redemption of Preference Shares | Loans/ Advances (taken)/given (net) | Corporate / Other Guarantees Given | Trade Receivables | Trade Payables/ Other Current Liabilities | Loans and Advances (Long-term / Short-term) | Other Current Assets | Investments in Equity and Preference Shares |
| Joint Venture Company | | | | | | | | | | | | | | | | | | |
| GWSSCL | - | - | - | - | - | - | - | 63 | 2 | - | - | - | - | 37 | - | - | - | 73 |
| PUMWPL | 2,239 | 1 | - | - | - | - | - | (62) | 138 | - | - | - | 1,077 | 776 | - | - | - | 1,520 |
| CCLUMSSL | 2,029 | * | - | - | - | - | - | (582) | 164 | - | - | - | 1,154 | 865 | - | - | - | 1,520 |
| DAPL | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 |
| Total | 2,239 | 1 | - | - | - | - | - | 221 | 140 | - | - | - | 1,077 | 776 | 39 | 5 | 5 | 1,949 |
| | 2,029 | * | - | - | - | - | - | (129) | 201 | - | - | - | 1,154 | 865 | 439 | 5 | - | 1,949 |
| Key Management Personnel and Relatives | | | | | | | | | | | | | | | | | | |
| Mr. Rajeev Jhawar | - | - | - | 2 | - | 170 | - | - | - | - | - | - | - | - | - | - | - | - |
| Mr. Brij K. Jhawar | - | - | - | - | - | 107 | - | - | - | - | - | - | - | - | - | - | - | - |
| Ms. Shanti Devi Jhawar | - | - | - | 1 | - | 2 | - | - | - | - | - | - | - | - | - | - | - | - |
| Ms. Susmita Jhawar | - | - | - | * | - | * | - | - | - | - | - | - | - | - | - | - | - | - |
| Ms. Stuti Jhawar | - | - | - | 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ms. Shreya Jhawar | - | - | - | * | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ms. Amisha Jhawar | - | - | - | 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Mr. P. K. Jain | - | - | - | * | - | 218 | - | - | - | - | - | - | - | 10 | - | - | - | - |
| Dr. Vijay Shama | - | - | - | - | - | 183 | - | - | - | - | - | - | - | - | - | - | - | - |
| Ms. Vineeta Ruia | - | - | - | * | - | 296 | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | 250 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | - | - | - | 6 | - | 686 | - | - | - | - | - | - | - | - | 10 | - | - | - |
| | - | - | - | 540 | - | 540 | - | - | - | - | - | - | - | - | - | - | - | - |
| Enterprise over which Key Managerial Personnel are able to exercise significant influence | | | | | | | | | | | | | | | | | | |
| AJPL | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 9,943 | 15,532 | - | - | - | - | - | 340 | - | - | - | - | - | - | - | - | - | - |
| * Amount is below the rounding off norm adopted by the Company. | | | | | | | | | | | | | | | | | | |
| # Net of provision for other than temporary diminution [Refer Note 14] | | | | | | | | | | | | | | | | | | |
| iii) Represents guarantee provided by Mr. Rajeev Jhawar in respect of Rupee Term Loan from Bank [Refer Note 5] | | | | | | | | | | | | | | | | | | |
| iv) Figures in normal fonts related 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, 2014 | As at 31st March, 2013 |
| Pengg Usha Martin Wires Private Limited (PUMWPL) | India | Jointly Controlled Entity | 40% | 40% |
| Gustav Wolf Speciality Cords Limited (GWSCCL) | 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 | GWSCCL | CCLUMSSL | DAPL |
|---|-----------------------|-------------------|-----------------|-------------------|
| ASSETS as at 31st March, 2014 | | | | |
| Tangible Assets | 1,594 1,754 | - - | - - | 406 486 |
| Intangible Assets | 1 1 | - - | - - | - - |
| Capital Work-in-Progress | * * | - - | - - | - - |
| Long-term Loans and Advances | 84 51 | - - | - - | 2 2 |
| Other Non-current Assets | 27 46 | - - | - - | 12 12 |
| Inventories | 457 428 | - - | - - | - - |
| Trade Receivables | 733 467 | * - | - - | 13 12 |
| Cash and Bank Balances | 2 2 | 239 44 | 32 30 | 14 5 |
| Short-term Loans and Advances | 107 129 | 26 235 | 1 1 | 85 80 |
| Other Current Assets | 99 21 | 2 - | 1 1 | 2 1 |
| Total | 3,104 2,899 | 267 279 | 34 32 | 534 598 |
| LIABILITIES as at 31st March, 2014 | | | | |
| Long-term Borrowings | 551 613 | - - | - - | - - |
| Deferred Tax Liabilities (Net) | - - | - - | - - | 28 28 |
| Other Long-term Liabilities | 27 - | - - | - - | 5 5 |
| Long-term Provisions | 32 14 | - - | - - | - - |
| Short-term Borrowings | 221 291 | 80 80 | - - | - - |
| Trade Payable | 594 431 | 93 83 | * * | 12 10 |
| Other Current Liabilities | 193 246 | * 1 | * * | 6 2 |
| Short-term Provisions | 29 12 | 5 14 | 1 * | 58 58 |
| Total | 1,647 1,607 | 178 178 | 1 * | 109 103 |

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

Notes to the financial statements

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

48. Disclosure in respect of Joint Ventures (Contd)

| | PUMWPL | GWSCL | CCLUMSSL | DAPL |
|--|--------------|-----------|----------|------------|
| INCOME for the year ended 31st March, 2014 | | | | |
| Revenue from operations (Net of Excise Duty) | 2,517 | 1 | - | 220 |
| | 1,727 | 18 | - | 457 |
| Other Income | 5 | 2 | 2 | 1 |
| | 6 | - | 3 | 1 |
| Total | 2,522 | 3 | 2 | 221 |
| | 1,733 | 18 | 3 | 458 |
| EXPENSES for the year ended 31st March, 2014 | | | | |
| Cost of Materials Consumed | 1,385 | - | - | - |
| | 965 | - | - | - |
| Change in inventories of Finished Goods, Work-in-progress and Stock-in-trade and Scrap | 17 | - | - | - |
| | 17 | - | - | - |
| Employees Benefits Expense | 100 | - | - | 55 |
| | 75 | - | - | 73 |
| Finance Costs | 90 | * | - | * |
| | 102 | * | * | 4 |
| Depreciation and Amortisation Expense | 161 | - | - | 79 |
| | 139 | - | - | 95 |
| Other Expenses | 604 | 15 | 1 | 157 |
| | 466 | 22 | 1 | 262 |
| Tax expenses - Current Tax | 27 | - | * | - |
| | - | - | * | 5 |
| Tax expenses - Deferred Tax Charge/(Credit) | - | - | - | - |
| | - | - | - | 7 |
| Total | 2,384 | 15 | 1 | 291 |
| | 1,764 | 22 | 1 | 446 |

(c) Figures in normal type 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. 554 | b, d |
| | Rs. 554 | c |
| | Usha Siam Steel Industries Public Company Limited | a |
| | Rs. 924 | b, d |
| | Rs. 927 | c |
| | UM Cables Limited | a |
| | Rs. 4,500 | b, d |
| | Rs. 4,500 | c |

Legends to classification :-

a - denotes Subsidiaries

b - denotes Loans outstanding as at 31st March, 2014

c - denotes maximum amount outstanding during the year ended 31st March, 2014

d - denotes no repayment schedule or repayment beyond seven years.

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. 227 [31st March, 2013 : Rs.131].

50. During the year, the Company has commenced successful implementation of the process of recovery of metal from waste and recycling of the same. The closing stock of such recyclable metal accounted for during the year amounts to Rs. 5,960 Lakhs. As a result of such change in conditions, the year-end Inventories (Note 18) is higher by Rs. 5,960 Lakhs with corresponding impact in the "Change in Inventories of Finished Goods, Work-in-Progress, Stock-in-Trade and Scrap" (Note 30).

Notes to the financial statements

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

51. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

(a) Derivative Instrument outstanding as at the reporting date

| Particulars | Purpose | As at 31st March, 2014 | | | As at 31st March, 2013 | | |
|---------------------|--|------------------------|----------------------------|--------|------------------------|----------------------------|--------|
| | | Currency | Amount in Foreign Currency | Amount | Currency | Amount in Foreign Currency | Amount |
| Forward Contracts | Hedge of Foreign Currency Payables | USD | 56,550,628 | 33,882 | USD | 37,154,345 | 20,169 |
| | Hedge of Foreign Currency Payables | EURO | 906,950 | 750 | - | - | - |
| | Hedge of Foreign Currency Receivable | USD | 1,264,736 | 758 | USD | 3,141,214 | 1,705 |
| | Hedge of Foreign Currency Receivable | AUD | 1,361,000 | 753 | AUD | 375,750 | 213 |
| Interest Rate Swaps | Hedge of Floating Interest Rate on Foreign Currency Loan | USD | 19,000,000 | 11,384 | USD | 60,000,000 | 32,571 |
| Option | Hedge of Foreign Currency Loan | USD | 19,000,000 | 11,384 | USD | 60,000,000 | 32,571 |
| | Hedge of Foreign Currency Payables | USD | 8,500,000 | 5,093 | USD | 38,060,000 | 20,661 |

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

| Particulars | As at 31st March, 2014 | | | As at 31st March, 2013 | | |
|------------------|------------------------|----------------------------|--------|------------------------|----------------------------|--------|
| | Currency | Amount in Foreign Currency | Amount | Currency | Amount in Foreign Currency | Amount |
| Loans Payable | USD | 125,000,000 | 74,894 | USD | 125,000,000 | 67,856 |
| Loan Receivables | THB | 50,000,000 | 924 | THB | 50,000,000 | 927 |
| Payables | USD | 19,755,849 | 11,837 | USD | 13,398,061 | 7,273 |
| Payables | EURO | 2,098,313 | 1,735 | EURO | 782,199 | 544 |
| Payables | GBP | 20,737 | 21 | GBP | 84,792 | 70 |
| Payables | JPY | - | - | JPY | 11,312,000 | 65 |
| Payables | SEK | 31,600 | 3 | SEK | 580,981 | 46 |
| Receivables | USD | 14,991,640 | 8,982 | USD | 24,880,996 | 13,507 |
| Receivables | EURO | 1,195,560 | 989 | EURO | 399,369 | 278 |
| Receivables | GBP | 1,085,981 | 1,083 | GBP | 712,132 | 586 |
| Receivables | AUD | 1,144,978 | 633 | AUD | 128,339 | 73 |

| | 2013-2014 | 2012-2013 |
|--|-----------|-----------|
| (c) Mark-to-Market losses provided for | 43 | 12 |

52. The following table includes the classification of investments in accordance with AS-13 : Accounting for Investments

| | As at 31st March, 2014 | As at 31st March, 2013 |
|--|------------------------|------------------------|
| Long Term Investments | | |
| Usha Martin International Limited 59,09,388 (31st March, 2013 : 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, 2013 : 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, 2013 : 10,00,000) Ordinary Shares of SGD 1 each fully paid | 268 | 268 |
| Brunton Wolf Wire Rope, FZCO 114 (31st March, 2013 : 114) Ordinary Shares of AED 1,00,000 each fully paid | 1,777 | 1,777 |
| Usha Martin Americas Inc 40,00,000 (31st March, 2013 : 40,00,000) Shares of USD 1 each fully paid | 1,660 | 1,660 |
| UMICOR Africa (Proprietary) Limited [Refer Note 14(a)] Nil (31st March, 2013 : 30,44,451) Ordinary Shares of Rand 1 each fully paid | - | - |
| UM Cables Limited 1,11,29,660 (31st March, 2013 : 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, 2013 : 49,940) Equity Shares of Rs. 10/- each fully paid [Net of provision for other than temporary diminution amounting to Re. 1] | 4 | 4 |
| Bharat Minex Private Limited 2,00,000 (31st March, 2013 : 2,00,000) Equity Shares of Rs. 10/- each fully paid [Net of provision for other than temporary diminution amounting to Rs. 10] | - | - |

Notes to the financial statements

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

The following table includes the classification of investments in accordance with AS-13 : Accounting for Investments (contd.)

| | As at 31st March, 2014 | As at 31st March, 2013 |
|---|---------------------------|---------------------------|
| Pengg Usha Martin Wires Private Limited 1,08,00,000 (31st March, 2013 : 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, 2013 : 73,500) Equity Shares of Rs.10/- each fully paid up | 73 | 73 |
| CCL Usha Martin Stressing System Limited 4,73,195 (31st March, 2013 : 4,73,195) Equity Shares of Rs.10/- each fully paid up [Net of provision for other than temporary diminution amounting to Rs. 16] | 31 | 31 |
| Dove Airlines Private Limited 10,38,000 (31st March, 2013 : 10,38,000) Equity Shares of Rs.10/- each fully paid | 325 | 325 |
| UM Cables Limited 17,00,000 (31st March, 2013 : 25,00,000) 8% (Previous Year 2%) Redeemable Cumulative Preference Shares of Rs.100/- each fully paid | 1,700 | 2,500 |
| Pengg Usha Martin Wires Private Limited 4,40,000 (31st March, 2013 : 4,40,000) 0.50% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid | 440 | 440 |
| Adityapur Toll Bridge Company Limited 1,00,000 (31st March, 2013 : 1,00,000) Equity Shares of Rs.10/- each fully paid | 10 | 10 |
| Adityapur Auto Cluster 1,000 (31st March, 2013 : 1,000) Equity Shares of Rs.1000/- each fully paid | 10 | 10 |
| Usha Communications Technology Limited BVI 1,21,10,242 (31st March, 2013 : 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, 2013 : 1,80,68,472) Equity Shares of Rs.10/- each fully paid [At cost less write-down - Rs.327 (31st March, 2013 : Rs.327)] | * | * |
| Total | 17,478 | 18,278 |
| Total Investments | 17,478 | 18,278 |
| Disclosed Under | | |
| Non Current Investments (Refer Note 14) | 17,378 | 17,478 |
| Current Investment (Refer Note 17) | 100 | 800 |
| Total | 17,478 | 18,278 |

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

53. The previous year figures have been reclassified where considered necessary to conform to this year's classification.

Signature to Note '1' to '53'.

For PRICE WATERHOUSE

Firm Registration Number : 301112E
Chartered Accountants

P. Jhawar
Chairman

Pradip Law

Partner
Membership No. 51790

R. Jhawar
Managing Director

Place : Kolkata

Date : 27th May, 2014

A. K. Somani
Company Secretary

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Usha Martin Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Usha Martin Limited ("the Company") and its subsidiaries, its jointly controlled entities; hereinafter referred to as the "Group" (refer Note 2 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2014 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. 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 the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and Accounting Standard 30, Financial Instruments : Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other Accounting Standard referred to in sub-section (3C) of Section 211 of the Act.
7. 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 in paragraph 8 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying 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 March 31, 2014;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

8. 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.131,890 lakhs and net assets of Rs.85,275 lakhs as at March 31, 2014, total revenue of Rs.131,368 lakhs, net profit of Rs.8,826 lakhs and net cash flows amounting to Rs.2,007 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.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Pradip Law

Partner

Membership Number 51790

Kolkata
May 27, 2014

Consolidated Balance Sheet of Usha Martin Limited and its Subsidiaries as at 31st March 2014

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

| | Note No. | As at 31st March 2014 | As at 31st March 2013 |
|-------------------------------------|----------|--------------------------|--------------------------|
| Equity and Liabilities | | | |
| Shareholders' Funds | | | |
| Share Capital | 3 | 3,054 | 3,054 |
| Reserves and Surplus | 4 | 197,230 | 190,474 |
| | | 200,284 | 193,528 |
| Minority Interest | | 3,061 | 2,296 |
| Non-current Liabilities | | | |
| Long-term Borrowings | 5 | 264,215 | 232,635 |
| Deferred Tax Liabilities (Net) | 6 | 20,788 | 21,688 |
| Other Long-term Liabilities | 7 | 24,830 | 50,170 |
| Long-term Provisions | 8 | 3,934 | 4,484 |
| | | 313,767 | 308,977 |
| Current Liabilities | | | |
| Short-term Borrowings | 9 | 85,286 | 50,337 |
| Trade Payables | 10 | 164,259 | 153,706 |
| Other Current Liabilities | 11 | 96,433 | 73,418 |
| Short-term Provisions | 12 | 1,466 | 1,627 |
| | | 347,444 | 279,088 |
| TOTAL | | 864,556 | 783,889 |
| Assets | | | |
| Non-current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 13A | 544,121 | 358,300 |
| Intangible Assets | 13B | 5,873 | 5,845 |
| Capital Work-in-progress | 13C | 37,268 | 129,381 |
| Intangible Assets under development | 13D | 51 | - |
| Non-current Investments | 14 | 48 | 48 |
| Deferred Tax Assets (Net) | 15 | 362 | 136 |
| Long-term Loans and Advances | 16 | 27,107 | 25,129 |
| Other Non-current Assets | 17 | 42 | 730 |
| | | 614,872 | 519,569 |
| Current Assets | | | |
| Inventories | 18 | 152,552 | 162,994 |
| Trade Receivables | 19 | 52,701 | 57,968 |
| Cash and Bank Balances | 20 | 19,547 | 18,370 |
| Short-term Loans and Advances | 21 | 20,068 | 17,269 |
| Other Current Assets | 22 | 4,816 | 7,719 |
| | | 249,684 | 264,320 |
| TOTAL | | 864,556 | 783,889 |

This is the Consolidated 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. Jhawar
Chairman

Pradip Law

Partner
Membership No. 51790

R. Jhawar
Managing Director

Place : Kolkata
Date : 27th May, 2014

A. K. Somani
Company Secretary

Consolidated Statement of Profit and Loss of Usha Martin Limited and its Subsidiaries for the year ended 31st March 2014

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

| | Note No. | Year ended 31st March 2014 | Year ended 31st March 2013 |
|--|----------|-------------------------------|-------------------------------|
| Income | | | |
| Sale of Products | | 425,688 | 381,822 |
| Sale of Services | | 2,518 | 2,597 |
| Other Operating Revenue | | 10,626 | 9,108 |
| Revenue from Operations (Gross) | | 438,832 | 393,527 |
| Less: Excise Duty | | 31,449 | 31,344 |
| Revenue from Operations (Net) | | 407,383 | 362,183 |
| Other Income | 25 | 9,249 | 8,908 |
| Total Revenue | | 416,632 | 371,091 |
| Expenses | | | |
| Cost of Materials Consumed | 26 | 150,527 | 144,916 |
| Purchases of Stock-in-trade | | 1,999 | 482 |
| Changes in inventories of Finished Goods, Work-in-progress, Stock-in-trade and Scrap | 27 | (12,805) | (13,657) |
| Employees Benefits Expense | 28 | 35,037 | 28,543 |
| Finance Costs | 29 | 43,956 | 33,786 |
| Depreciation and Amortisation Expense | 30 | 33,320 | 26,384 |
| Other Expenses | 31 | 162,532 | 142,791 |
| Adjustment for Items Capitalised and Departmental Orders for own consumption | | (601) | (2,504) |
| Total Expenses | | 413,965 | 360,741 |
| Profit before Exceptional and Extraordinary items, Tax and Minority Interest | | 2,667 | 10,350 |
| Exceptional items | | - | - |
| Profit before Extraordinary items, Tax and Minority interest | | 2,667 | 10,350 |
| Extraordinary items | | - | - |
| Profit before Tax and Minority interest | | 2,667 | 10,350 |
| Tax Expenses | | | |
| Current Tax | | 2,572 | 1,954 |
| Less : MAT Credit Entitlement | | (27) | (153) |
| Excess Provision of Current Tax [including Fringe Benefit Tax Rs.Nil (Previous Year Rs.2)]relating to earlier years written back | | - | (87) |
| Deferred Tax Charge / (Credit) | | (1,200) | 410 |
| Profit for the period before Minority Interest | | 1,322 | 8,226 |
| Minority Interest | | 252 | 342 |
| Profit for the period | | 1,070 | 7,884 |
| Earning per Equity Share [Nominal Value per Share Re.1/-(31st March 2013 Re.1/-)] | 32 | | |
| Basic | | 0.35 | 2.59 |
| Diluted | | 0.35 | 2.59 |

This is the Consolidated 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. Jhawar
Chairman

Pradip Law

Partner
Membership No. 51790

R. Jhawar
Managing Director

Place : Kolkata
Date : 27th May, 2014

A. K. Somani
Company Secretary

Consolidated Cash Flow Statements for the year ended 31st March, 2014

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

| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|---|--------------------------------|--------------------------------|
| A. Cash Flow from Operating Activities | | |
| Profit/(Loss) before taxation | 2,667 | 10,350 |
| Adjustment for: | | |
| Depreciation and Amortisation Expense | 33,320 | 26,384 |
| Profit on sale of Tangible Assets (Net) | - | (34) |
| Loss on sale of Tangible Assets (Net) | 1,008 | - |
| Interest Income | (1,350) | (859) |
| Dividend received from Current Investments | (382) | (195) |
| Insurance claims received against Tangible Assets | (986) | - |
| Finance Costs | 43,956 | 33,786 |
| Unrealised Foreign Currency (gains)/losses (Net) | 3,298 | (686) |
| Unrealised Derivative gains (Net) | (1,719) | (1,389) |
| Effect of change in Foreign Exchange Translation | 5,222 | 1,773 |
| Provision for Doubtful Debts and Advances | 220 | 71 |
| Provision for slow moving items and diminution in realisable value | 13 | 87 |
| Provision no longer required written back | (449) | (314) |
| Liabilities no longer required written back | (590) | (947) |
| Bad Debts/Advances written off | 5 | 135 |
| Tangible Assets written off | 27 | 2 |
| Operating profit before working capital changes | 84,260 | 68,164 |
| Changes in Working Capital: | | |
| Increase in Trade Payable | 10,447 | 8,625 |
| (Decrease) / Increase in Long-term Provisions | (2) | 302 |
| Increase in Short-term Provisions | 374 | 402 |
| Increase in Other Current Liabilities | 3,776 | 969 |
| Decrease in Other Long-term Liabilities | (79) | (43) |
| Decrease / (Increase) in Trade Receivables | 5,015 | (15,047) |
| Decrease / (Increase) in Inventories | 10,750 | (14,888) |
| Decrease / (Increase) in Long Term Loans and Advances | 514 | (343) |
| Decrease in Other Non-current Assets | 669 | 1,508 |
| Increase in Short-term Loans and Advances | (2,003) | (1,358) |
| Decrease in Other Bank balances | 198 | 226 |
| Decrease / (Increase) in Other Current Assets | 3,931 | (2,785) |
| | 33,590 | (22,432) |
| Cash generated from operations | 117,850 | 45,732 |
| Direct tax paid | (3,417) | (2,821) |
| Net cash generated from Operating Activities | 114,433 | 42,911 |
| B. Cash flow from Investing Activities: | | |
| Purchase of Tangible and Intangibles Assets [Refer (b) below] | (118,314) | (85,291) |
| Sale of Tangible Assets | 1,160 | 308 |
| Purchase of Long-term Investments | - | (10) |
| Insurance claims received against Tangible Assets | 986 | - |
| Interest Income received | 1,420 | 700 |
| Placement of fund in long-term deposits with bank having maturity of more than 3 months but less than 12 months | (2,203) | (12,108) |
| Realisation of long-term deposits with bank having maturity of more than 3 months but less than 12 months | 12,108 | 15,900 |
| Dividend received from Current Investments | 382 | 195 |
| Net cash used in Investing Activities | (104,461) | (80,306) |

Consolidated Cash Flow Statements for the year ended 31st March, 2014

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

| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|--|--------------------------------|--------------------------------|
| C. Cash flow from Financing Activities | | |
| Long-term Borrowings - Receipts | 10,862 | 37,262 |
| Short term borrowings - Receipts | 34,947 | 20,918 |
| Finance Costs paid | (43,308) | (33,673) |
| Dividend paid (including tax thereon Rs. 101 ; Previous Year Rs. 18) | (563) | (23) |
| Dividend paid by a subsidiary Company to Minority Shareholders | (101) | (197) |
| Net Cash from Financing Activities | 1,837 | 24,287 |
| Net Increase / (Decrease) in cash and cash equivalents during the year | 11,809 | (13,108) |
| D. Exchange differences on Translation of Foreign Currency Cash and Cash Equivalent | (529) | (728) |
| | 11,280 | (13,836) |
| Cash and Cash equivalents at the beginning of the year | 5,634 | 19,470 |
| Cash and Cash equivalents at the end of the year | 16,914 | 5,634 |
| Cash and cash equivalents comprises of: | | |
| Cash on hand | 50 | 41 |
| Cheques, Drafts on hand | 45 | 103 |
| Remittance in transit | 550 | 40 |
| Balance with Banks | | |
| In Current accounts | 3,683 | 5,361 |
| In Unclaimed Dividend Accounts [Refer (c) below] | 59 | 64 |
| Demand deposits (less than 3 months maturity) | 12,527 | 25 |
| | 16,914 | 5,634 |

- (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.4,264 (Previous Year : Rs.5,713) which is net of interest income Rs. Nil (Previous Year : Rs.1,034) from deposits out of project funds pending utilisation.
- (c) Earmarked for payment of unclaimed dividend.
- (d) Refer Note 43.

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

For PRICE WATERHOUSE

Firm Registration Number : 301112E
Chartered Accountants

P. Jhawar
Chairman

Pradip Law

Partner
Membership No. 51790

R. Jhawar
Managing Director

Place : Kolkata
Date : 27th May, 2014

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 carried at revalued amounts. Pursuant to circular 15/2013 dated 13th September, 2013 read with circular 08/2014 dated 4th April, 2014, both issued by the Ministry of Corporate Affairs, till the standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 (the Act) shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules 2006, as amended] and Accounting Standard 30, Financial Instruments ; Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 211(3C) of 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 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 credits and drawbacks) and 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.

1.3 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.

- (b) Leasehold Land is amortised over the tenure of respective leases.
- (c) Mining Lease and Development is amortised over the tenure of lease or estimated useful life of the mine, whichever is shorter.
- (d) 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% | |

- (e) In case of revalued depreciation amounts, the additional depreciation attributable to the amount added on revaluation is adjusted by way of transfer from Revaluation Reserve.

1.4 Borrowing Cost

Borrowing Cost attributable to the acquisition and construction of qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use) 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.

1.5 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.

1.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year are classified as current investments and are carried at lower of cost and fair 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.

1.7 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. Provision is made for obsolete/slow moving/defective stocks, wherever necessary.

1.8 Transactions in Foreign Currencies

Initial Recognition

On initial recognition, all foreign currency 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 at the closing exchange rate. With respect to long-term foreign currency monetary items, from 1st April, 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 expressed in a foreign currency has a term of 12 months or more at the date of origination of the asset or liability.

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

1.9 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 1st April, 2009 the Group adopted Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India (ICAI) 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 effective 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 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 (MAT) 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.

1.16 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.

1.17 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 systematic basis over the period of lease.

1.18 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Further, inter-segment revenues 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 with 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)".

1.19 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.

1.20 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.

1.21 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 :

Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

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

- (a) The financial statements of the Parent Company and its 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.
- 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 assets and liabilities using the closing exchange rates at the balance sheet date, for revenues and 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 for 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, 2014 | As at 31st March, 2013 |
| (i) Subsidiary | | | | |
| Domestic: | | | | |
| | U M Cables Limited | India | 100% | 100% |
| | Usha Martin Power and Resources Limited | India | 99.88% | 99.88% |
| | Bharat Minex Private Limited | India | 100% | 100% |
| Overseas: | | | | |
| | Usha Martin International Limited [Note (b) below] | United Kingdom | 92% | 92% |
| | 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 Ruiters Staalkabel B.V. @ | Netherlands | 100% | 100% |
| | Usha Martin Europe B.V. @ | Netherlands | 100% | 100% |
| | Usha Martin Italia S.R.L. @ | Italy | 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% |
| | Usha Martin China Company Limited [Note (c) below] @ | China | 100% | - |
| (ii) Joint Venture Company | | | | |
| | Gustav Wolf Speciality Cords Limited (GWSCL) | India | 49% | 49% |
| | Pengg Usha Martin Wires Private Limited (PUMWPL) | India | 40% | 40% |
| | CCL Usha Martin Stressing Systems Limited (CCLUMSSL) | India | 49.99% | 49.99% |
| | Dove Airlines Private Limited (DAPL) | India | 50% | 50% |
| | Tesac Usha Wirerope Company Limited (TUWCL) # | Thailand | 50% | 50% |

@ Represents step-down subsidiary.

Represents a Joint Venture Company by two subsidiaries with a third party.

Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

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

- (b) In earlier year, Usha Martin International Limited (UMIL), a subsidiary of the Company had issued and allotted 5,13,860 'C' ordinary shares of nominal value GBP 0.61 per share with voting rights to a party with resultant reduction in Company's control from 100% to 92% in UMIL. However, such reduction in control has not been considered in this Consolidated Financial Statements in view of restrictions on the said party's right on participation in profit, capital distribution etc. in terms of the related subscription agreement.
- (c) During the year, Usha Martin Singapore Pte. Limited, a wholly owned subsidiary of the Company has formed Usha Martin China Company Limited (UMCCL), a wholly owned subsidiary company incorporated in China with effect from 25th April, 2013 and accordingly the financial statements of UMCCL has been considered in these Consolidated Financial Statements.
- (d) UMICOR Africa (Pty) Limited (UMICOR), a wholly owned subsidiary had been excluded for consolidation in the earlier periods since it had 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). The book value of the investments in UMICOR was Nil. The liquidation process for UMICOR has been completed as per information received from the concerned legal advisor of the Parent Company.

| 3. Share Capital | | |
|--|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Authorised: | | |
| 50,00,00,000 (31st March, 2013 : 50,00,00,000) Equity Shares of Re 1/- each | 5,000 | 5,000 |
| 1,00,00,000 (31st March, 2013 : 1,00,00,000) Redeemable Cumulative Preference Shares of Rs.50/- each | 5,000 | 5,000 |
| Total | 10,000 | 10,000 |
| Issued Subscribed and Paid-up: | | |
| 30,47,41,780 (31st March, 2013 : 30,47,41,780) Equity Shares of Re. 1/- each fully paid up | 3,047 | 3,047 |
| Add: Shares Forfeited | 7 | 7 |
| Total | 3,054 | 3,054 |

| 4. Reserves and Surplus | | |
|---|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Capital Reserve | 3,721 | 3,721 |
| Capital Redemption Reserve | | |
| Balance as at the beginning of the year | 4,131 | 3,731 |
| Addition during the year [Note (a) below] | 800 | 400 |
| Balance as at the end of the year | 4,931 | 4,131 |
| Securities Premium Account | 85,593 | 85,593 |
| Revaluation Reserve [Refer (b) below] | | |
| Balance as at the beginning of the year | 1,683 | 2,339 |
| Less: Transferred during the year [Note (c) below] | 429 | 656 |
| Balance as at the end of the year | 1,254 | 1,683 |
| Foreign Currency Translation Adjustments Account [Refer Note 1.21 (i) (f)] | | |
| Balance as at the beginning of the year | 5,023 | 2,375 |
| Addition during the year | 5,791 | 2,648 |
| Balance as at the end of the year | 10,814 | 5,023 |
| General Reserve [Refer (d) below] | | |
| Balance as at the beginning of the year | 56,748 | 56,340 |
| Add: Transferred from Surplus in Statement of Profit and Loss during the year | - | 408 |
| Balance as at the end of the year | 56,748 | 56,748 |
| Legal Reserve | 265 | 265 |
| Foreign Currency Monetary Item Translation Difference Accounts [Note 1.8] | | |
| Balance as at the beginning of the year | 81 | (67) |
| Add: Additions during the year | - | 105 |
| Less : Transfer during the year | 81 | (43) |
| Balance as at the end of the year | - | 81 |
| Hedging Reserve Account (Refer Note 1.9) | | |
| Balance as at the beginning of the year | (41) | (1,128) |
| Add: Additions during the year | 1,083 | 1,793 |
| Less : Transfer during the year | 655 | 706 |
| Balance as at the end of the year | 387 | (41) |
| Surplus in Statement of Profit and Loss | | |
| Balance as at the beginning of the year | 33,270 | 26,738 |
| Profit for the year | 1,070 | 7,884 |
| Less : Appropriations | | |
| Proposed dividend on Equity Shares for the year | - | 457 |
| Dividend distribution tax on proposed dividend [Refer (e) below] | 23 | 87 |
| Transfer to Capital Redemption Reserve | 800 | 400 |
| Transfer to General Reserve | - | 408 |
| Balance as at the end of the year | 33,517 | 33,270 |
| Total | 197,230 | 190,474 |

Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

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

- Arising out of redemption of 800,000 (31st March, 2013 : 400,000) 2% Redeemable Cumulative Preference Shares of Rs.100 each of a wholly owned subsidiary company.
- Relates to revaluation of certain Tangible Assets as mentioned in Note 40.
- Comprises withdrawals of Rs. 437 [31st March, 2013 : Rs. 669] on account of depreciation on the amount added on revaluation (Refer Note 41) and Rs.8 [31st March, 2013 : Rs. 13] on adjustment against Minority Interest.
- Represents a free reserve not held for any specific purpose.
- Represents [31st March, 2013 : includes Rs. 9] on account of Tax on dividend proposed by a wholly owned subsidiary on its Preference Shares.

| 5. Long-term Borrowings | | |
|---|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Secured: | | |
| Term Loans | | |
| From Financial Institution (Rupee Loans) | 38,000 | 42,000 |
| From Banks | | |
| Rupee Loans [Refer item (iii) on Note 36] | 141,940 | 109,680 |
| Other than Rupee Loans | 83,770 | 79,414 |
| Finance Lease Obligation | 85 | - |
| Unsecured: | | |
| Term Loans | | |
| From a Corporate Body (Foreign Currency Loan) | 411 | 333 |
| Deferred Payment Liabilities | - | 1,194 |
| Finance Lease Obligation | 9 | 14 |
| Total | 264,215 | 232,635 |

| 6. Deferred Tax Liabilities (Net) | | |
|---|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Deferred Tax Liabilities | | |
| Depreciation as per tax law and books | 49,156 | 35,377 |
| Exchange gain pertaining to fixed assets as per tax law and books | 603 | 398 |
| Total (A) | 49,759 | 35,775 |
| Deferred Tax Assets | | |
| Unabsorbed tax depreciation/loss @ | 27,576 | 13,242 |
| Disallowances allowable for tax purpose on payment | 975 | 453 |
| Provision for doubtful debts and advances | 419 | 390 |
| Deferred Revenue Expenditure | 1 | 2 |
| Total (B) | 28,971 | 14,087 |
| Net Deferred Tax Liabilities (A) - (B) | 20,788 | 21,688 |

@ Absorption expected based on future Taxable Income.

Deferred Tax charge/(credit) for the year includes exchange loss of Rs.80 (31st March, 2013 : Rs. 10) on account of re-instatement of year-end deferred tax assets and liabilities.

| 7. Other Long-term Liabilities | | |
|-----------------------------------|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Trade Payables | 10 | 16 |
| Others | | |
| Capital Liabilities (Acceptances) | 24,782 | 49,600 |
| Derivative Liabilities | - | 470 |
| Foreign Currency Payable Account | 27 | - |
| Security Deposits Received | 11 | 84 |
| Total | 24,830 | 50,170 |

Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

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

| 8. Long-term Provisions | | |
|---|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Provision for Employees Benefits | 1,772 | 1,774 |
| Others Provisions | | |
| Provision for Restoration of Mines Sites [Refer (a) below] | 2,162 | 1,926 |
| Provision for Demolition and Erection of Building Costs and Others [Refer (b) below] | - | 784 |
| Total | 3,934 | 4,484 |
| (a) Movement of Provision for Restoration of Mine Sites | | |
| Balance as at the beginning of the year | 1,926 | 1,034 |
| Additions | 301 | 993 |
| Amounts used | 65 | 101 |
| Balance as at the end of the year | 2,162 | 1,926 |
| 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) Movement of Provision for Demolition and Erection of Building Costs | | |
| Balance as at the beginning of the year | 784 | 734 |
| Provision no longer required written back | (784) | - |
| Exchange Loss | - | 50 |
| Balance as at the end of the year | - | 784 |
| Provision for estimated costs of dismantle, removal or restoration of Building arising from the acquisition or use of such asset, which was capitalised and included in the cost in earlier year has now been written back and adjusted in tangible assets during the year upon receipt of land title from the Appropriate Authority. | | |

| 9. Short-term Borrowings | | |
|----------------------------------|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Secured: | | |
| Loans repayment on demand | | |
| Vehicle Loans from Banks # | 37 | - |
| Working Capital Loans from Banks | 78,664 | 50,228 |
| Unsecured: | | |
| Deposits | 5 | 29 |
| Commercial Paper from Banks | 6,500 | - |
| Loans from Corporate Bodies | | |
| Other than Rupee Loans | 80 | 80 |
| Total | 85,286 | 50,337 |

In the nature of Finance Lease

| 10. Trade Payables | | |
|---------------------------|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Acceptances | 118,460 | 124,082 |
| Others | 45,799 | 29,624 |
| Total | 164,259 | 153,706 |

Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

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

| 11. Other Current Liabilities | | |
|---|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Current maturities of long-term debt | 23,687 | 36,290 |
| Current maturities of finance lease obligations | 17 | 24 |
| Interest accrued but not due on borrowings | 2,288 | 2,003 |
| Interest accrued and due on borrowings | 2 | 6 |
| Interest accrued on Trade payables and others | 527 | 181 |
| Unclaimed Dividend | 59 | 64 |
| Unclaimed Matured Fixed Deposits | - | 2 |
| Unclaimed Interest on above | * | 1 |
| Advances from Customers | 4,091 | 1,900 |
| Derivative Liabilities | 217 | 800 |
| Capital Liabilities [including Current maturities of long-term acceptances Rs.9,148 (31st March, 2013 : Rs. Nil) and Short-term acceptances Rs. 28,017 (31st March, 2013 : Rs. 14,216)] | 53,277 | 23,867 |
| Security Deposits Received | 535 | 209 |
| Employees Benefits payable | 2,853 | 1,937 |
| Statutory dues (including Provident Fund, Tax deducted at Source, etc.) | 5,274 | 4,773 |
| Payable related to Forward Contracts (Refer Note 43) | 2,644 | 741 |
| Other Payables | 962 | 620 |
| Total | 96,433 | 73,418 |

| 12. Short-term Provisions | | |
|--|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Provision for Employee Benefits | 1,451 | 1,077 |
| Provision for Fringe Benefit Tax | * | * |
| Provision for Wealth Tax | 15 | 15 |
| Provision for Proposed Dividend on Equity Shares | - | 457 |
| Provision for Dividend distribution Tax | - | 78 |
| Total | 1,466 | 1,627 |

* 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)

(h) Obligation under Finance Lease : @

The Group has acquired certain fixed assets under finance lease arrangements. Minimum Lease Payments outstanding as at 31st March, 2014 and other particulars in respect of leased assets are as under:

| | 31st March, 2014 | | | 31st March, 2013 | | |
|---|--|-----------|---|--|----------|---|
| | 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 | 60 | 6 | 54 | 27 | 3 | 24 |
| Later than one year and not later than five years | 101 | 7 | 94 | 15 | 1 | 14 |
| Total | 161 | 13 | 148 | 42 | 4 | 38 |
| @ Included in Notes 5,9 and 11 | | | | | | |

13B. Intangible Assets

| | Gross Block at Cost / Valuation | | | Amortisation | | | Impairment Loss | | | Net Block | | | |
|--|---------------------------------|---------------------------|---|-------------------|------------------------|-----------------------|-----------------|--|------------------------------|------------------------|------------------------|------------------------|------------------------|
| | As on 31st March 2013 | Additions during the year | Disposal/ Adjustments during the year [Refer (a) below] | Other Adjustments | As on 31st March, 2014 | As on 31st March 2013 | For the year | On Disposal/ Adjustments during the year [Refer (b) below] | Total up to 31st March, 2014 | As on 31st March, 2013 | As on 31st March, 2014 | As on 31st March, 2013 | As on 31st March, 2014 |
| Goodwill | | | | | | | | | | | | | |
| Arising on Consolidation | 5,634 | - | - | - | 5,634 | - | - | - | 103 | 103 | 5,531 | 5,531 | 5,531 |
| Others | 338 | - | (44) | - | 382 | 338 | (44) | - | - | - | - | - | - |
| Computer Softwares (Acquired) | 1,029 | 121 | - | - | 1,150 | 825 | (1) | - | 921 | - | - | 229 | 204 |
| Trade Marks | 118 | - | (13) | - | 131 | 8 | * | - | 18 | - | - | 113 | 110 |
| Technical Know-how | 69 | - | - | - | 69 | 69 | - | - | 69 | - | - | - | - |
| 31st March 2013 | 7,188 | 121 | (57) | (57) | 7,366 | 1,240 | (45) | (45) | 1,390 | 103 | 103 | 5,873 | 5,845 |
| | 7,149 | 35 | (4) | - | 7,188 | 1,150 | (5) | (5) | 1,240 | 103 | - | 5,845 | - |
| * Amount is below the rounding off norm adopted by the Group. | | | | | | | | | | | | | |
| (a) Net of Rs. 57 (Net) [31st March, 2013 : Rs.4 (Net)] on account of foreign exchange translation adjustment. | | | | | | | | | | | | | |
| (b) Net of Rs. 45 (Net) [31st March, 2013 : Rs.5 (Net)] on account of foreign exchange translation adjustment. | | | | | | | | | | | | | |
| 13C. Capital Work-in-progress @ | | | | | | | | | | | | | |
| @ Capital work-in-progress includes Project Development Expenses Rs. 221 (31st March 2013 : Rs.1,709), Borrowing Costs Rs. 634 (31st March, 2013 : Rs.4,972) and Exchange Loss Rs. Nil (31st March, 2013 : Rs. 9,351). | | | | | | | | | | | | | |
| 13D. Intangible Assets under development # | | | | | | | | | | | | | |
| # Represents Computer Software acquired under development. | | | | | | | | | | | | | |
| | | | | | | | | | | | | 37,268 | 129,381 |
| | | | | | | | | | | | | 51 | - |

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, 2014 | As at 31st March, 2013 |
| Long-term - Unquoted (valued at Cost unless stated otherwise) | | |
| Investments in Equity Instruments : | | |
| Investments in Subsidiary Company | | |
| UMICOR Africa (Proprietary) Limited Nil (31st March, 2013 : 30,44,451) Ordinary Shares of Rand 1 each fully paid [Refer Note 2(d)] | - | - |
| Other Companies: | | |
| Adityapur Toll Bridge Company Limited 1,00,000 (31st March, 2013 : 1,00,000) Equity Shares of Rs.10/- each fully paid | 10 | 10 |
| Adityapur Auto Cluster 1,000 (31st March, 2013 : Nil) Equity Shares of Rs.1000/- each fully paid | 10 | 10 |
| Usha Communications Technology Limited BVI 1,21,10,242 (31st March, 2013 : 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, 2013 : 1,80,68,472) Equity Shares of Rs.10/- each fully paid [At cost less write-down - Rs.327 (31st March, 2013 : Rs.327)] | * | * |
| Total | 48 | 48 |

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

| 15. Deferred Tax Assets (Net) | | |
|---|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Deferred Tax Assets | | |
| Provision for doubtful debts, advances and slow moving items and diminution in realisable value | 138 | 130 |
| Cost of goods sold tax adjustment | 62 | 34 |
| Allowance for impairment of fixed assets | 19 | - |
| Disallowances allowable for tax purpose on payment | 174 | - |
| Total (A) | 393 | 164 |
| Deferred Tax Liabilities | | |
| Depreciation as per tax law and books | 31 | 28 |
| Total (B) | 31 | 28 |
| Net Deferred Tax Assets (A) - (B) | 362 | 136 |

Deferred Tax charge/(credit) for the year includes exchange gain of Rs. 6 (31st March, 2013 : Rs. 7) on account of re-instatement of year-end deferred tax assets and liabilities.

| 16. Long-term Loans and Advances | | |
|--|------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Unsecured Considered Good [unless otherwise stated] | | |
| Capital Advances | | |
| Considered good | 19,258 | 16,794 |
| Considered doubtful | 37 | - |
| Less: Provision for Doubtful Advances | (37) | - |
| Security Deposits | 2,168 | 2,183 |
| Loans and Advances to Employees | 53 | 45 |
| Prepaid Expenses | 5 | 4 |
| Electricity Duty Receivable - Considered Doubtful | 92 | 92 |
| Less: Provision for Doubtful Electricity Duty Receivable | (92) | (92) |
| Balances with Government Authorities | 197 | 704 |
| MAT Credit Entitlement | 5,426 | 5,399 |
| Total | 27,107 | 25,129 |

Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

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

| 17. Other Non-Current Assets | | |
|--|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Long term deposits with banks with maturity period more than 12 months | 15 | 48 |
| Derivative Assets | - | 636 |
| Unamortised Expenses | | |
| Premium on Forward Contracts | 27 | 46 |
| Total | 42 | 730 |

| 18. Inventories | | |
|---|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| [Refer Note 1.7] | | |
| Raw Materials [including in transit - Rs. 14,684 (31st March, 2013 : Rs. 12,264)] | 30,931 | 51,439 |
| Less: Provision for slow moving items and diminution in realisable value in respect of Raw Materials | (43) | (144) |
| Work-in-progress | 48,474 | 38,990 |
| Finished Goods [including in transit - Rs. 4,882 (31st March, 2013 : Rs.2,247)] | 66,981 | 63,911 |
| Less: Provision for slow moving items and diminution in realisable value in respect of Finished Goods | (631) | (744) |
| Stock-in-trade (in respect of goods acquired for trading) | 28 | 50 |
| Stores and Spares Parts [including in transit - Rs.433 (31st March, 2013 : Rs. 464)] | 4,820 | 7,154 |
| Loose Tools | 1,477 | 2,096 |
| Scrap | 515 | 242 |
| Total (Refer Note 42) | 152,552 | 162,994 |

| 19. Trade Receivables | | |
|--|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Unsecured | | |
| Outstanding for a period exceeding six months from the date they became due for payment: | | |
| Considered Good | 548 | 353 |
| Considered Doubtful | 994 | 813 |
| Less: Provision for Doubtful Debts | (994) | (813) |
| | 548 | 353 |
| Others | | |
| Considered Good | 52,153 | 57,615 |
| Considered Doubtful | 57 | 151 |
| Less: Provision for Doubtful Debts | (57) | (151) |
| | 52,153 | 57,615 |
| Total | 52,701 | 57,968 |

| 20. Cash and Bank Balances | | |
|---|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Cash and Cash Equivalents | | |
| Cash on hand | 50 | 41 |
| Cheques, Drafts on hand | 45 | 103 |
| Remittance in transit | 550 | 40 |
| Bank Balances | | |
| In Current Accounts | 3,683 | 5,361 |
| In Unclaimed Dividend Accounts @ | 59 | 64 |
| Demand deposits (less than 3 months maturity) | 12,527 | 25 |
| | 16,914 | 5,634 |
| Other Bank Balances | | |
| Long-term deposits with maturity more than 3 months but less than 12 months | 2,264 | 12,147 |
| Margin money deposits | 369 | 589 |
| | 2,633 | 12,736 |
| Total | 19,547 | 18,370 |

@ Earmarked for payment of unclaimed dividend.

Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

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

| 21. Short-term Loans and Advances | | |
|---|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Unsecured Considered Good (unless otherwise stated) | | |
| Advance Income Tax [Net of Provision for tax Rs. 17,008 (31st March, 2013 : Rs.16,826)] | 2,197 | 1,352 |
| Advances against procurement of goods, services etc. | | |
| Considered good | 5,788 | 3,200 |
| Considered doubtful | 372 | 325 |
| Less: Provision for Doubtful Advances | (372) | (325) |
| Other Loans and Advances | | |
| Deposits | | |
| Considered good | 477 | 313 |
| Considered doubtful | 15 | 15 |
| Less: Provision for Doubtful Deposits | (15) | (15) |
| Prepaid Expenses | 2,632 | 2,348 |
| Balance with Government Authorities | | |
| Considered good | 8,604 | 9,911 |
| Considered doubtful | 2 | 2 |
| Less: Provision for Doubtful Advances | (2) | (2) |
| Other Advances | | |
| Considered Good | 370 | 145 |
| Considered Doubtful | 10 | 8 |
| Less: Provision for Doubtful Other Advances | (10) | (8) |
| Total | 20,068 | 17,269 |

| 22. Other Current Assets | | |
|---|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| Unsecured Considered Good (unless otherwise stated) | | |
| Interest accrued on deposits and others | 89 | 159 |
| Export Incentive Receivables | | |
| Considered good | 2,201 | 1,496 |
| Considered doubtful | - | 2 |
| Less: Provision for doubtful advances | - | (2) |
| Claims Receivable | | |
| Considered good | 1,107 | 3,273 |
| Considered doubtful | - | 56 |
| Less: Provision for doubtful advances | - | (56) |
| Derivative Assets | 900 | 2,312 |
| Other Recoverables | 172 | 78 |
| Unamortised Expenses: | | |
| Premium on Forward Contracts | 347 | 401 |
| Total | 4,816 | 7,719 |

Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

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

| 23. Contingent Liabilities | | |
|--|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| (a) Claims against the Company not acknowledge as debt Disputed Tax and Duty for which the Company has preferred appeal before appropriate authorities. | | |
| Demand for Income Tax Matters | 2,066 | 2,036 |
| Demand for Sales Tax & Entry Tax # | 3,232 | 1,977 |
| Demand for Excise Duty and Service Tax # | 6,516 | 6,493 |
| Demand for Customs Duty | 575 | 575 |
| Outstanding Labour Disputes | 48 | 44 |
| Disputed Electricity duty rebate matters which is subjudice | 551 | 528 |
| Disputed Demand for Fuel Surcharge matter for which the Company has filed writ petition before The Hon'ble High Court of Jharkhand at Ranchi. | 1,637 | - |
| Disputed Demand for Mining matter for which the Company has filed writ petition before The Hon'ble High Court of Jharkhand at Ranchi. | 1,940 | - |
| # Out of the above, stay orders against demand for Sales Tax amounting to Rs.232 (31st March, 2013 : Rs. 744) and demand for Excise Duty and Service Tax amounting to Rs. 4,324 (31st March, 2013 : Rs. 2,606) have been obtained by the Group. | | |
| (b) Bills discounted with Banks including against Letter of Credit | 15,433 | 8,189 |
| (c) In respect of the contingent liabilities mentioned in Note 23(a) above, pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any. In respect of matters mentioned in Note 23 (b) above, the cash outflows, if any, could generally occur during the validity period of the respective guarantees. The Group does not expect any reimbursements in respect of the above contingent liabilities. | | |

| 24. Commitments | | |
|---|-------------------------------|------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| (a) Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 13,545 | 26,873 |
| (b) Other Commitments | | |
| The Parent 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. | 178,773 | 250,932 |
| Outstanding Letter of Credit for materials yet to be received | 3,892 | 1,750 |

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, 2014 | Year Ended 31st March, 2013 |
| Interest Income | 1,350 @ | 859@ |
| Income from Current Investments - Dividend | 382 | 195 |
| Non Product Scrap Sales | 585 | 267 |
| Net Gain on Derivative Contracts | 1,719 | 1,389 |
| Provision for Doubtful Debts and Advances no longer required written back | 449 | 314 |
| Liabilities no longer required written back | 590 | 947 |
| Profit on sale of Tangible Assets (Net) | - | 34 |
| Claims Received | 3,368 | 4,544 |
| Miscellaneous Income | 806 | 359 |
| Total | 9,249 | 8,908 |

@ Net of Rs. Nil (Previous Year : Rs.1,034) credited against interest capitalisation towards temporary investment of project borrowings.

| 26. Cost of Materials Consumed | | |
|--------------------------------|--------------------------------|--------------------------------|
| | Year Ended 31st March, 2014 | Year Ended 31st March, 2013 |
| Opening Stock | 51,439 | 50,673 |
| Add: Purchases | 130,019 | 145,682 |
| | 181,458 | 196,355 |
| Deduct: Closing Stock | 30,931 | 51,439 |
| Total | 150,527 | 144,916 |

| 27. Change in Inventories of Finished Goods, Work-in-Progress, Stock-in-Trade and Scrap | | |
|---|--------------------------------|--------------------------------|
| | Year Ended 31st March, 2014 | Year Ended 31st March, 2013 |
| (Increase) / Decrease in stocks: | | |
| Finished Goods | | |
| Opening Stock | 63,911 | 56,249 |
| Deduct : Closing Stock | 66,981 | 63,911 |
| | (3,070) | (7,662) |
| Work-in-Progress | | |
| Opening Stock | 38,990 | 32,570 |
| Deduct : Closing Stock | 48,474 | 38,990 |
| | (9,484) | (6,420) |
| Stock-in-Trade | | |
| Opening Stock | 50 | 69 |
| Deduct : Closing Stock | 28 | 50 |
| | 22 | 19 |
| Scrap | | |
| Opening Stock | 242 | 648 |
| Deduct : Closing Stock | 515 | 242 |
| | (273) | 406 |
| (Increase) / Decrease in stocks (Refer Note 42) | (12,805) | (13,657) |

| 28. Employees Benefits Expense | | |
|---|--------------------------------|--------------------------------|
| | Year Ended 31st March, 2014 | Year Ended 31st March, 2013 |
| Salaries, Wages and Bonus | 30,774 | 24,436 |
| Contribution to Provident and Other Funds | 1,934 | 1,981 |
| Workmen and Staff Welfare Expenses | 2,329 | 2,126 |
| Total | 35,037 | 28,543 |

Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

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

| (a) Post Employment Defined Contribution Plans | | |
|--|--|--------------------------------|
| | Year Ended 31st March, 2014 | Year Ended 31st March, 2013 |
| Amount recognised in the Statement of Profit and Loss | | |
| (i) Provident Fund paid to the authorities @ | 184 | 130 |
| (ii) Pension Fund paid to the authorities | 517 | 464 |
| (iii) Superannuation Fund - Contribution paid to a Trust | 321 | 252 |
| | 1,022 | 846 |

@ Contribution towards Provident Fund for certain employees is made to the regulatory authorities. Such Provident Fund benefits are classified as Defined Contribution Scheme as the Group does not carry any further obligations, apart from the contribution made on a monthly basis which is 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 1.12 (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 1.12 (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 1.12(b) above.

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, 2014 | | | Year ended 31st March, 2013 | | |
|--|------------------------------------|---------------------|------------------------------------|-----------------------------|---------------------|------------------------------------|
| | Gratuity (Funded) | Gratuity (Unfunded) | Retirement Compensation (Unfunded) | Gratuity (Funded) | Gratuity (Unfunded) | Retirement Compensation (Unfunded) |
| (a) Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation | | | | | | |
| Present Value of Obligation at the beginning of the year | 4,215 | 89 | 757 | 3,453 | 59 | 667 |
| Current Service Cost | 149 | 24 | 58 | 144 | 16 | 52 |
| Interest Cost | 367 | 8 | 25 | 279 | 5 | 24 |
| Actuarial (Gains)/ Losses | 24 | 5 | (53) | 467 | 12 | (41) |
| Exchange Differences of Foreign Plans | - | - | (3) | - | - | 86 |
| Benefits Paid | (258) | (8) | (31) | (128) | (3) | (31) |
| Present Value of Obligation at the end of the year | 4,497 | 118 | 753 | 4,215 | 89 | 757 |

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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) Contd.

| Description | Year ended 31st March, 2014 | | | Year ended 31st March, 2013 | | |
|--|-----------------------------|--|--|-----------------------------|--|--|
| | Gratuity (Funded) | Gratuity (Unfunded) | Retirement Compensation (Unfunded) | Gratuity (Funded) | Gratuity (Unfunded) | Retirement Compensation (Unfunded) |
| (b) Reconciliation of Opening and Closing balances of the Fair Value of Plan Assets | | | | | | |
| Fair Value of Plan Assets at the beginning of the year | 3,325 | Not applicable as the Scheme is unfunded | Not applicable as the Scheme is unfunded | 2,937 | Not applicable as the Scheme is unfunded | Not applicable as the Scheme is unfunded |
| Expected Return on Plan Assets | 299 | | | 243 | | |
| Actuarial Gains/ (Losses) | (8) | | | 40 | | |
| Contributions | 11 | | | 233 | | |
| Benefits Paid | (258) | | | (128) | | |
| Fair Value of Plan Assets at the end of the year | 3,369 | | | 3,325 | | |
| (c) 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 | 4,497 | 118 | 753 | 4,215 | 89 | 757 |
| Fair Value of Plan Assets at the end of the year | 3,369 | - | - | 3,325 | - | - |
| Assets/(Liabilities) recognised in the Balance Sheet | (1,128) | (118) | (753) | (890) | (89) | (757) |
| (d) Expense recognised in the Statement of Profit and Loss | | | | | | |
| Current Service Cost | 149 | 24 | 58 | 144 | 16 | 52 |
| Interest Cost | 367 | 8 | 25 | 279 | 5 | 24 |
| Expected Return on Plan Assets | (299) | - | - | (243) | - | - |
| Actuarial (Gains)/ Losses | 32 | 5 | (53) | 427 | 12 | (41) |
| Total Expense recognised | @ 249 | # 37 | # 30 | @ 607 | # 33 | # 35 |
| (e) Category of Plan Assets : | | | | | | |
| Fund with LIC | 3,300 | Not applicable as the Scheme is unfunded | Not applicable as the Scheme is unfunded | 3,226 | Not applicable as the Scheme is unfunded | Not applicable as the Scheme is unfunded |
| Fund with SBI Life Insurance | 41 | | | 38 | | |
| Fund with HDFC Standard Life | - | | | 37 | | |
| Others (including bank balances) | 28 | | | 24 | | |
| Total | 3,369 | | | 3,325 | | |
| (f) Actual Return on Plan Assets | 291 | | | 282 | | |
| (g) Principal Actuarial Assumptions | | | | | | |
| Discount Rate | 9.00% | 9.00% | 3.25% | 8.25% | 8.25% / 8.50% | 3.32% |
| Salary Escalation | 5% / 6% | 10% / 12% | 2.00% | 5% / 6% | 10% / 12% | 3.00% |
| Expected Return on Asset | 9.00% / 9.15% | Not Applicable | Not Applicable | 8.00% / 8.25% | Not Applicable | Not Applicable |

@ Recognised under Contribution to Provident and Other Funds

Recognised under Salaries, Wages and Bonus

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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) Contd.

| (h) Other Disclosure (Amounts recognised in current year and previous four years) | | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31st March, 2014 | 31st March, 2013 | 31st March, 2012 | 31st March, 2011 | 31st March, 2010 |
| Gratuity (Funded) | | | | | |
| Present Value of the Plan Obligation as at the end of the year | 4,497 | 4,215 | 3,453 | 3,166 | 2,912 |
| Fair Value of Plan Assets as at the end of the year | 3,369 | 3,325 | 2,937 | 2,863 | 2,450 |
| Surplus/(Deficit) as at the end of the year | (1,128) | (890) | (516) | (303) | (462) |
| Experience Adjustments on Plan Obligation [(Gain)/ Loss] | 24 | 467 | 420 | 179 | 401 |
| Experience Adjustments on Plan Assets [Gain/ (Loss)] | (8) | 40 | 10 | 24 | 31 |
| Gratuity (Unfunded) | | | | | |
| Present Value of the Plan Obligation as at the end of the year | 118 | 89 | 59 | 40 | 32 |
| Fair Value of Plan Assets as at the end of the year | - | - | - | - | - |
| Surplus/(Deficit) as at the end of the year | (118) | (89) | (59) | (40) | (32) |
| Experience Adjustments on Plan Obligation [(Gain)/ Loss] | 5 | 9 | 4 | (3) | 3 |
| Experience Adjustments on Plan Assets [Gain/ (Loss)] | - | - | - | - | - |
| Retirement Compensation (Unfunded) | | | | | |
| Present Value of the Plan Obligation as at the end of the year | 753 | 757 | 667 | 644 | 590 |
| Fair Value of Plan Assets as at the end of the year | - | - | - | - | - |
| Surplus/(Deficit) as at the end of the year | (753) | (757) | (667) | (644) | (590) |
| Experience Adjustments on Plan Obligation [(Gain)/ Loss] | (53) | (41) | (100) | (90) | (83) |
| 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 the employees 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.

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.663 (Previous year Rs.528) to the Provident Fund Trust, has been expended 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, 2014 | Year ended 31st March, 2013 |
|--|------------------------------------|-----------------------------|
| Discount Rate | 9.00% | 8.50% |
| Expected Return on Exempted Fund | 8.85% | 8.59% |
| Expected EPFO Return | 8.75% | 8.50% |

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| 29. Finance Costs | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|-------------------------|--------------------------------|--------------------------------|
| Interest Expenses | 42,496 | 32,466 |
| Other Borrowing Cost | 1,460 | 1,320 |
| Total | 43,956 @ | 33,786@ |
| @ Net of Capitalisation | 4,264 | 6,747 |

| 30. Depreciation and Amortisation Expense | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|--|--------------------------------|--------------------------------|
| Depreciation and Amortisation on Tangible assets | 33,652 | 26,968 |
| Less : Transferred from Revaluation Reserve | 437 | 669 |
| | 33,215 | 26,299 |
| Amortisation of Intangible assets | 105 | 85 |
| Total | 33,320 | 26,384 |

| 31. Other Expenses | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|--|--------------------------------|--------------------------------|
| Consumption of Stores and Spare Parts | 25,236 | 21,759 |
| Power and Fuel | 38,510 | 43,231 |
| Material Handling Charges | 23,706 | 20,639 |
| Repairs to Buildings | 2,061 | 1,552 |
| Repairs to Machinery | 11,723 | 10,194 |
| Royalty | 5,910 | 5,537 |
| Rent | 1,374 | 1,000 |
| Rates and Taxes | 663 | 376 |
| Insurance | 1,575 | 1,155 |
| Freight, Transport and Delivery | 20,942 | 15,332 |
| Processing Charges | 12,708 | 8,634 |
| Travelling Expenses | 1,447 | 946 |
| Non-executive Directors' Sitting Fees and Remuneration | 13 | 48 |
| Net loss on foreign currency transaction and translation | 4,504 | 2,557 |
| Provision for Doubtful Debts and Advances | 220 | 71 |
| Provision for slow moving items and diminution in realisable value | 13 | 87 |
| Bad Debts and Advances Written off | 5 | 135 |
| Excise Duty on Stocks, Replacements etc. | 341 | 888 |
| Loss on Sale/Discard of Tangible Assets (Net) | 1,008 | - |
| Miscellaneous Expenses | 10,573 | 8,650 |
| Total | 162,532 | 142,791 |

| 32. Computation of Earning per Equity Share | | | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|---|--|--|--------------------------------|--------------------------------|
| (I) Basic | | | | |
| (a) | (i) Number of Equity Shares at the beginning of the year | | 304,741,780 | 304,741,780 |
| | (ii) Number of Equity Shares at the end of the year | | 304,741,780 | 304,741,780 |
| | (iii) Weighted average number of Equity Shares outstanding during the year | | 304,741,780 | 304,741,780 |
| | (iv) 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 | | 1,070 | 7,884 |
| (c) | Basic Earning per Share [(b)/(a)(iii)] - Rs. | | 0.35 | 2.59 |

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| | | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|---------------------|---|--------------------------------|--------------------------------|
| (II) Diluted | | | |
| (a) | Dilutive Potential Equity Shares | - | - |
| (b) | Diluted Earning per Share [same as I (c) above] | 0.35 | 2.59 |

33. Expenses (net of captive consumption) on trial run production of various projects incurred during the year and added to cost of fixed assets are as follows:

| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|--|--------------------------------|--------------------------------|
| Cost of Materials Consumed | 53,616 | 7,118 |
| Consumption of Stores and Spares Parts | 876 | - |
| Power and Fuel | 168 | - |
| Total (A) | 54,660 | 7,118 |
| Absorbed in subsequent production process during trial run for captive consumption | 31,600 | 4,246 |
| Total (B) | 31,600 | 4,246 |
| Net Trial Run Expenses (A - B) | 23,060 | 2,872 |

During the year various major projects like Pellet plant, Coke Oven plant, Sponge Iron plant, Power plants etc, in respect of which trial run expenses are incurred, have been commissioned and capitalised.

34. Segment Information for the year ended 31st March, 2014

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.

Others : Jelly Filled Telecommunication Cables, Wire Drawing and allied machineries, etc.

Segment Revenues, Results and Other Information

| | Steel | Wire and Wire Ropes | Others | Total of Reportable Segment |
|--|----------------|---------------------|---------------|-----------------------------|
| External Revenue from Operations @ | 166,723 | 222,421 | 18,239 | 407,383 |
| | 149,319 | 201,094 | 11,770 | 362,183 |
| Inter Segment Revenue from Operations @ | 86,113 | 40 | 722 | 86,875 |
| | 90,444 | 90 | 2,596 | 93,130 |
| Other Income | 3,362 | 3,130 | 157 | 6,649 |
| | 807 | 6,343 | 159 | 7,309 |
| Segment Revenues | 256,198 | 225,591 | 19,118 | 500,907 |
| | 240,570 | 207,527 | 14,525 | 462,622 |
| Segment Result | 25,351 | 21,392 | 1,319 | 48,062 |
| | 20,558 | 24,699 | 696 | 45,953 |
| Segment Assets | 614,659 | 210,745 | 13,373 | 838,777 |
| | 549,734 | 196,264 | 13,810 | 759,808 |
| Segment Liabilities | 221,232 | 66,008 | 4,689 | 291,929 |
| | 205,157 | 52,642 | 4,965 | 262,764 |
| Capital Expenditure (Net) | 107,930 | 19,811 | 772 | 128,513 |
| | 97,444 | 16,083 | 6,617 | 120,144 |
| Depreciation and Amortisation | 25,018 | 7,510 | 624 | 33,152 |
| | 18,665 | 6,928 | 644 | 26,237 |
| Non cash expenses other than Depreciation and Amortisation | 99 | 147 | 7 | 253 |
| | 12 | 137 | 123 | 272 |

@ Net of excise duty.

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(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 | 500,907 | 48,062 | 838,777 | 291,929 |
| | 462,622 | 45,953 | 759,808 | 262,764 |
| Corporate - Unallocated / Others (Net) | 2,600 | (1,439) | 25,779 | 369,282 |
| | 1,599 | (1,817) | 24,081 | 325,301 |
| Inter Segment Sales | (86,875) | - | - | - |
| | (93,130) | - | - | - |
| Interest (Net) | - | (43,956) | - | - |
| | - | (33,786) | - | - |
| Tax Expenses - Current Tax | - | (2,572) | - | - |
| | - | (1,867) | - | - |
| MAT Credit Entitlement | - | 27 | - | - |
| | - | 153 | - | - |
| Tax Expenses - Deferred Tax Charge/(Credit) | - | (1,200) | - | - |
| | - | 410 | - | - |
| As per Financial Statements | 416,632 | 1,322 | 864,556 | 661,211 |
| | 371,091 | 8,226 | 783,889 | 588,065 |

@ 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 |
|---|--------------|---------------|---------|
| Segment Revenue from external customers | 262,917 | 151,115 | 414,032 |
| | 263,550 | 105,942 | 369,492 |
| Total Assets | 730,135 | 108,642 | 838,777 |
| | 669,381 | 90,427 | 759,808 |
| Capital Expenditure | 111,228 | 17,285 | 128,513 |
| | 109,048 | 11,096 | 120,144 |

Figures in normal type relates to Previous Year.

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

| | PUMWPL | GWSCS | CCLUMSSL | DAPL | TUWCL |
|--------------------------------------|--------------|------------|-----------|------------|--------------|
| ASSETS as at 31st March, 2014 | | | | | |
| Tangible Assets (Net Block) | 1,594 | - | - | 406 | 2,258 |
| | 1,754 | - | - | 486 | - |
| Intangible Assets (Net Block) | 1 | - | - | - | * |
| | 1 | - | - | - | - |
| Capital Work-in-Progress | * | - | - | - | 1 |
| | * | - | - | - | - |
| Long-term Loans and Advances | 84 | - | - | 2 | - |
| | 51 | - | - | 2 | 442 |
| Other Non-current Assets | 27 | - | - | 12 | - |
| | 46 | - | - | 12 | - |
| Inventories | 457 | - | - | - | 32 |
| | 428 | - | - | - | - |
| Trade Receivables | 733 | * | - | 13 | 13 |
| | 467 | - | - | 12 | - |
| Cash and Bank Balances | 2 | 239 | 32 | 14 | 57 |
| | 2 | 44 | 30 | 5 | 947 |
| Short-term Loans and Advances | 107 | 26 | 1 | 85 | 8 |
| | 129 | 235 | 1 | 80 | - |
| Other Current Assets | 99 | 2 | 1 | 2 | 10 |
| | 21 | - | 1 | 1 | - |
| Total | 3,104 | 267 | 34 | 534 | 2,379 |
| | 2,899 | 279 | 32 | 598 | 1,389 |

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Notes to the financial statements

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35. The Group's financial interest in the joint venture companies accounted for using proportionate consolidation principles based on its financial statements are set out below: (Contd.)

| EQUITY and LIABILITIES as at 31st March, 2014 | | | | | |
|--|--------------|------------|-------------|------------|-----------|
| Shareholders' Funds | PUMWPL | GWSSL | CCLUMSSL | DAPL | TUWCL |
| Securities Premium Account | - | 66 | - | 221 | - |
| | - | 66 | - | 221 | - |
| Surplus in Statement of Profit and Loss | (63) | 16 | (14) | 100 | (63) |
| | (228) | 28 | (15) | 170 | (3) |
| Long-term Borrowings | 551 | - | - | - | - |
| | 613 | - | - | - | - |
| Deferred Tax Liabilities (Net) | - | - | - | 28 | - |
| | - | - | - | 28 | - |
| Other Long-term Liabilities | 27 | - | - | 5 | - |
| | - | - | - | 5 | - |
| Long-term Provisions | 32 | - | - | - | - |
| | 14 | - | - | - | - |
| Short-term Borrowings | 221 | 80 | - | - | - |
| | 291 | 80 | - | - | - |
| Trade Payable | 594 | 93 | * | 12 | 54 |
| | 431 | 83 | * | 10 | - |
| Other Current Liabilities | 193 | * | * | 6 | 75 |
| | 246 | 1 | * | 2 | * |
| Short-term Provisions | 29 | 5 | 1 | 58 | - |
| | 12 | 14 | * | 58 | - |
| Total | 1,584 | 260 | (13) | 430 | 66 |
| | 1,379 | 272 | (15) | 494 | (3) |

| | PUMWPL | GWSSL | CCLUMSSL | DAPL | TUWCL |
|--|--------------|-----------|----------|------------|-----------|
| INCOME for the year 31st March, 2014 | | | | | |
| Revenue from operations (Net of Excise Duty) | 2,517 | 1 | - | 220 | 25 |
| | 1,727 | 18 | - | 457 | - |
| Other Income | 5 | 2 | 2 | 1 | * |
| | 6 | - | 3 | 1 | - |
| Total | 2,522 | 3 | 2 | 221 | 25 |
| | 1,733 | 18 | 3 | 458 | - |
| EXPENSES for the year ended 31st March, 2014 | | | | | |
| Cost of Materials Consumed | 1385 | - | - | - | 49 |
| | 965 | - | - | - | - |
| Changes in inventories of finished goods, work-in-progress, stock-in-trade and product scrap | 17 | - | - | - | (22) |
| | 17 | - | - | - | - |
| Employees Benefits Expense | 100 | - | - | 55 | 27 |
| | 75 | - | - | 73 | - |
| Finance Costs | 90 | * | - | * | - |
| | 102 | * | * | 4 | - |
| Depreciation and Amortisation Expense | 161 | - | - | 79 | 9 |
| | 139 | - | - | 95 | - |
| Other Expenses | 604 | 15 | 1 | 157 | 22 |
| | 466 | 22 | 1 | 262 | 3 |
| Total | 2357 | 15 | 1 | 291 | 85 |
| | 1764 | 22 | 1 | 434 | 3 |

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

35. The Group's financial interest in the joint venture companies accounted for using proportionate consolidation principles based on its financial statements are set out below: (Contd.)

| | PUMWPL | GWSQL | CCLUMSSL | DAPL | TUWCL |
|---|--------------------|--------------------|---------------|-------------------|--------------------|
| RESULTS | | | | | |
| Profit/(Loss) before Tax | 165 (31) | (12) (4) | 1 2 | (70) 24 | (60) (3) |
| Tax expenses - Current Tax | 27 - | - - | * * | - 5 | - - |
| Less: MAT Credit Entitlement | (27) - | - - | - - | - - | - - |
| Tax expenses - Deferred Tax Charge/(Credit) | - - | - - | - - | - 7 | - - |
| Profit/(Loss) after Tax | 165 (31) | (12) (4) | 1 2 | (70) 12 | (60) (3) |
| Share of estimated outstanding Capital Commitments. | - - | - - | - - | - - | - - |

Figures in normal type relate to previous year

* 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)

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

| (i) Related Parties | |
|---|---|
| Name | Relationship |
| Mr. Rajeev Jhavar, Managing Director | Key Management Personnel |
| Dr. Vijay Sharma, Joint Managing Director (Steel Business) | -do- |
| Mr. P.K.Jain, Joint Managing Director (Wire & Wire Rope Business) | -do- |
| Mr. Brij K Jhavar | Relative of a Key Management Personnel |
| Mrs. Shanti Devi Jhavar | -do- |
| Mrs. Susmita Jhavar | -do- |
| Mrs. Vineeta Ruia | -do- |
| Ms. Stuti Jhavar | -do- |
| Ms. Shreya Jhavar | -do- |
| Ms. Amisha Jhavar | -do- |
| Ambe International Pte. Limited (with effect from 11th May, 2013) | Enterprise over which Key Managerial Personnel are able to exercise significant influence |

| (ii) Particulars of Transactions during the year ended 31st March, 2014 | | | | | | | | |
|---|-------------------------------|-------------------|---|---------------|-------------------------|---|--|------------------------------------|
| Name and Relationship | Transactions during the year | | | | | | Balance outstanding at the year end | |
| | Sale of Products and Services | Purchase of Goods | Reimbursement/ (Recovery) of Expenses (Net) | Dividend Paid | Directors' Remuneration | Directors' Commission/ Incentive Paid (Net of tax deducted at source) | Trade Payable/ Other Current Liabilities | Guarantee Given |
| Key Management Personnel and Relatives | | | | | | | | |
| Mr. Rajeev Jhavar | - | - | - | 2 | 170 | - | - | 35,000 [Refer item (iii) Below] |
| | - | - | - | - | 107 | - | - | - |
| Dr. Vijay Sharma | - | - | - | * | 296 | - | - | - |
| | - | - | - | - | 250 | - | - | - |
| Mr. P. K. Jain | - | - | - | * | 218 | - | 10 | - |
| | - | - | - | - | 183 | - | - | - |
| Mr. Brij K Jhavar | - | - | - | 1 | 2 | - | - | - |
| | - | - | - | - | * | - | - | - |
| Mrs. Shanti Devi Jhavar | - | - | - | * | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| Mrs. Susmita Jhavar | - | - | - | 1 | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| Mrs. Vineeta Ruia | - | - | - | * | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| Ms. Stuti Jhavar | - | - | - | 1 | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| Ms. Shreya Jhavar | - | - | - | * | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| Ms. Amisha Jhavar | - | - | - | 1 | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| Total | | | | 6 | 686 | - | 10 | 35,000 |
| | | | | - | 540 | - | - | - |
| Enterprise over which Key Managerial Personnel are able to exercise significant influence | | | | | | | | |
| Ambe International Pte. Limited | 9,943 | 15,532 | 453 | - | - | - | 128 | - |
| | - | - | - | - | - | - | - | - |

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

(iii) Represents guarantee provided by Mr. Rajeev Jhavar in respect of Rupee Term Loan from a Bank [Refer Note 5]

(iv) Figures in normal font relate to previous year.

Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

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

37. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

| (a) Derivative Instrument outstanding as at the reporting date | | | | | | | |
|---|--|------------------------|----------------------------|--------|------------------------|----------------------------|--------|
| Particulars | Purpose | As at 31st March, 2014 | | | As at 31st March, 2013 | | |
| | | Currency | Amount in Foreign Currency | Amount | Currency | Amount in Foreign Currency | Amount |
| Forward Contracts | Hedge of Foreign Currency Payables | USD | 64,820,422 | 38,837 | USD | 41,482,150 | 22,519 |
| | Hedge of Foreign Currency Payables | EURO | 906,950 | 750 | - | - | - |
| | Hedge of Foreign Currency Receivable | USD | 6,588,985 | 3,948 | USD | 3,141,214 | 1,705 |
| | Hedge of Foreign Currency Receivable | EURO | 600,000 | 496 | - | - | - |
| | Hedge of Foreign Currency Receivable | AUD | 1,493,111 | 826 | AUD | 375,750 | 213 |
| Interest Rate Swaps | Hedge of Floating Interest Rate on Foreign Currency Loan | USD | 19,000,000 | 11,384 | USD | 60,000,000 | 32,571 |
| Principal Only Swaps | Hedge of Foreign Currency Loan | EURO | 480,000 | 397 | EURO | 480,000 | 335 |
| Option | Hedge of Foreign Currency Loan | USD | 19,000,000 | 11,384 | USD | 60,000,000 | 32,571 |
| | Hedge of Foreign Currency Payables | USD | 8,500,000 | 5,093 | USD | 38,060,000 | 20,661 |

| (b) Particulars of unhedged foreign currency exposure as at the reporting date | | | | | | | |
|---|------------------------|----------------------------|--------|------------------------|----------------------------|-----------|-----------|
| Particulars | As at 31st March, 2014 | | | As at 31st March, 2013 | | | |
| | Currency | Amount in Foreign Currency | Amount | Currency | Amount in Foreign Currency | Amount | |
| Loans Payable | USD | 125,000,000 | 74,894 | USD | 125,000,000 | 67,856 | |
| Loan Payable | - | - | - | EURO | 2,822,588 | 1,962 | |
| Loan Receivables | THB | 50,000,000 | 924 | THB | 50,000,000 | 927 | |
| Payables | USD | 35,915,405 | 21,519 | USD | 39,462,774 | 21,422 | |
| Payables | EURO | 6,060,497 | 5,011 | EURO | 3,427,942 | 2,382 | |
| Payables | GBP | 73,829 | 74 | GBP | 181,401 | 149 | |
| Payables | - | - | - | JPY | 11,312,000 | 65 | |
| Payables | SEK | 31,600 | 3 | SEK | 580,981 | 46 | |
| Payables | SGD | 577,101 | 275 | SGD | 158,246 | 69 | |
| Payables | VND | 75,000,000 | 2 | VND | 75,000,000 | 2 | |
| Payables | NOK | 84,310 | 8 | NOK | 116,104 | 11 | |
| Payables | IDR | 281,537,048 | 15 | IDR | 89,490,144 | 5 | |
| Payables | CHF | 7,192 | 5 | CHF | 5,701 | 3 | |
| Receivables | IDR | 1,419,486,181 | 75 | IDR | 98,463,960 | 5 | |
| Receivables | NOK | 170,752 | 17 | - | - | - | |
| Receivables | CAD | 151,026 | 82 | CAD | 211,794 | 113 | |
| Receivables | USD | 27,761,343 | 16,633 | USD | 37,778,215 | 20,508 | |
| Receivables | EURO | 6,855,677 | 5,669 | EURO | 4,400,143 | 3,058 | |
| Receivables | CHF | 2,720 | 2 | CHF | 2,720 | 2 | |
| Receivables | SGD | 204,295 | 97 | SGD | 120,938 | 53 | |
| Receivables | GBP | 1,085,981 | 1,083 | GBP | 712,132 | 586 | |
| Receivables | JPY | 999 | * | JPY | 999 | * | |
| Receivables | AUD | 1,798,824 | 995 | AUD | 253,339 | 143 | |
| * Amount is below the rounding off norm adopted by the Group. | | | | | | | |
| | | | | | | 2013-2014 | 2012-2013 |
| (c) Mark-to-Market losses provided for | | | | | | 43 | 12 |

Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

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

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, 2014 | Year ended 31st March, 2013 |
|-----------------------------|----------|-----------------------------|-----------------------------|
| Depreciation | 1.3(d) | 2,797 | 2,949 |
| | | As at 31st March, 2014 | As at 31st March, 2013 |
| Accumulated Depreciation | 1.3(d) | 30,649 | 27,340 |
| Inventory of Finished Goods | 1.7 | 14,168 | 12,891 |

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, 2014 | | As at 31st March, 2013 | |
|---|------------------------|-----------------------------------|------------------------|-----------------------------------|
| | Lease Rent | Operation and Maintenance Charges | Lease Rent | Operation and Maintenance Charges |
| Up to one year | 1,674 | 296 | 1,385 | 296 |
| More than one year and up to five years | 4,962 | 1,153 | 3,948 | 1,184 |
| More than five years. | 6,612 | 2,510 | 7,379 | 2,797 |

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

| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|-----------------------------------|-----------------------------|-----------------------------|
| Lease Rent | 1,578 | 1,659 |
| Operation and Maintenance Charges | 296 | 318 |
| Escalation Charges and Taxes | 517 | 258 |
| Total | 2,391 | 2,235 |

- (b) The Group has entered into cancellable operating leases and transactions for taking on lease gaseous oxygen plant, accommodation for office spaces, employees' residential accommodations etc. Tenure of leases generally vary between 1 and 10 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. 641 (31st March, 2013 : Rs.591) have been debited to the Statement of Profit and Loss for the year.
- (c) The Group has given a certain portion of a building under cancellable operating lease for 2 years (Refer Note 13A). The renewed term shall be for a further period of 2 years at the prevailing market and on such terms and conditions that contained or such variations or modifications thereof as shall be mutually agreed. Related lease rental income aggregating Rs. 226 lakhs (United State Dollar 4 Lakhs) has been recognised in the Statement of Profit and Loss 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. 2,072 [Thai Baht 1,122 lakhs] [31st March, 2013 : Rs.2,080 (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. 3,007 (Thai Baht 1,627 lakhs)] [31st March, 2013 : Rs.3,019 (Thai Baht 1,627 lakhs)] and Rs. 342 [Great Britain Pound 3 lakhs] [31st March, 2012: Rs. 282 (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. 643 [Great Britain Pound 6 lakhs] [31st March, 2013 : Rs.530 (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. 163 (Thai Baht 88 lakhs), [31st March, 2013 : Rs.164 (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. 1980 [Thai Baht 1,072 lakhs] [31st March, 2013 : Rs.1,988 (Thai Baht 1,072 lakhs)] have been added to the carrying amount of respective assets and credited to the Fixed Assets Revaluation Reserve.

Consolidated Financial Statements of Usha Martin Limited and its Subsidiaries

Notes to the financial statements

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

41. Depreciation charge of Rs. 437 (Previous Year : Rs.669) for the year, which is attributable to amount added on revaluation as indicated in paragraphs (b), (c), (d) and (e) of Note 40 above, has been adjusted by way of transfer from Revaluation Reserve.
42. During the year, the Parent Company has commenced successful implementation of the process of recovery of metal from waste and recycling of the same. The closing stock of such recyclable metal accounted for during the year amounts to Rs. 5,960 Lakhs. As a result of such change in conditions, the year-end Inventories (Note 18) is higher by Rs. 5,960 Lakhs with corresponding impact in the "Change in Inventories of Finished Goods, Work-in-Progress, Stock-in-Trade and Scrap" (Note 27).
43. The previous year figures have been reclassified where considered necessary to conform to this year's classification.

Signatures to Note '1' to '43'.

For PRICE WATERHOUSE

Firm Registration Number : 301112E
Chartered Accountants

Pradip Law

Partner
Membership No. 51790

Place : Kolkata
Date : 27th May, 2014

P. Jhavar
Chairman

R. Jhavar
Managing Director

A. K. Somani
Company Secretary

CORPORATE SOCIAL RESPONSIBILITY

Total Village Management (TVM), For Integrated & Sustainable Development of Rural Jharkhand

Usha Martin Ltd has been involved in sustainable development of communities, not just around the plants and mines in Ranchi, Palamu, Saraikella Kharsawan and West Singhbhum districts, but many other areas of Jharkhand. It is the commitment of the founders of Usha Martin towards sustainable development of Jharkhand that has led, KGVK, an organization started as CSR arm of Usha Martin, to reach out to more than 190 villages. These villages are spread across 10 blocks of five districts of Jharkhand.

At KGVK, it is an integrated approach that's driving the march towards sustainable rural development. Since 2008, KGVK has implemented its proprietary Total Village Management (TVM) model to synergize development initiatives in rural Jharkhand. Aply supported by its corporate anchor, Usha Martin Limited, KGVK has successfully established an ecosystem that is built to sustain itself, drawing from the ability, knowledge and skills of the people who make the community.

The activities undertaken by KGVK on behalf of Usha Martin can also be divided in two separate categories. First, under TVM operations in villages, which may not necessarily fall in the areas around Usha Martin's operations, and second, work done in the villages around the area of operation of mines and plants of Usha Martin. It shows the commitment of the founders of Usha Martin to work in areas which may necessarily justify their immediate business needs. It shows the commitment of the founders of Usha Martin to work beyond areas which may justify their immediate business needs.

P-4 Partnership

Usha Martin is the primary anchor for the efforts of KGVK. It is also recognized that to bring the poor people of Jharkhand to

a sustainable path of development, a convergence of resources would be required. The fundamental edifice of TVM is igniting initiatives at the grassroots level through People -Public-Private Partnerships – the P4 approach. Over the years, P4 has come to define an approach that increases community ownership, promotes participation and encourages collaboration among various stakeholders which at various times may include Government agencies, Corporate entities, worldwide NGOs, Scientific institutions and Financial establishments.

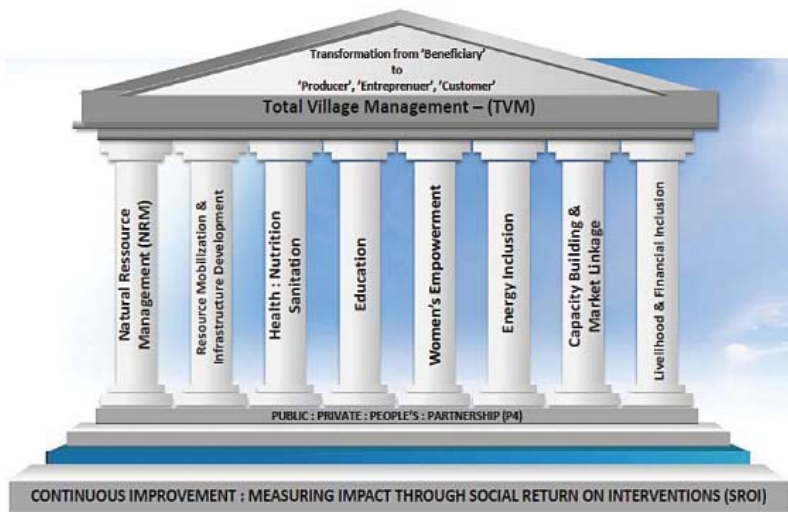
Eight Pillars

TVM is operational in over 190 villages across five districts in Jharkhand. It is a measure of its efficacy and effectiveness how people across the state have enthusiastically taken to and successfully adopted the various interventions over the 8 TVM pillars. Continuing on a journey of transformation that is witness to beneficiaries becoming producers, entrepreneurs and customers, TVM is set to spread its wings farther in a future where improved livelihood and social wellbeing of rural communities is no longer just a plan in the pipeline but a tangible reality.

Social Return on Interventions (SROI)

Impact measurement and community participation are two key aspects of TVM. Every initiative is implemented through 80:20 model, where 80% of the workforce is derived from within the community and 20% is made up by KGVK personnel. Upon completion of the 90-day implementation cycle, the impact of each initiative is measured using Social Return on Interventions (SROI) – a tool being developed internally at KGVK to enable transparency and increase accountability.

SROI is a unique tool, in that it places utmost importance on



Eight pillars of TVM

stakeholders' involvement, a feature that sets it apart from conventional cost-benefit analysis. The impact of interventions is measured not only in monetary terms but also social and environmental outcomes.

Different Activities/ Intervention Under TVM in the villages which is not affected with Plants/ Mines.: Presently, TVM Project is being implemented by KGVK in 137 villages which is not affected with Mines or Plants.

Natural Resource Management

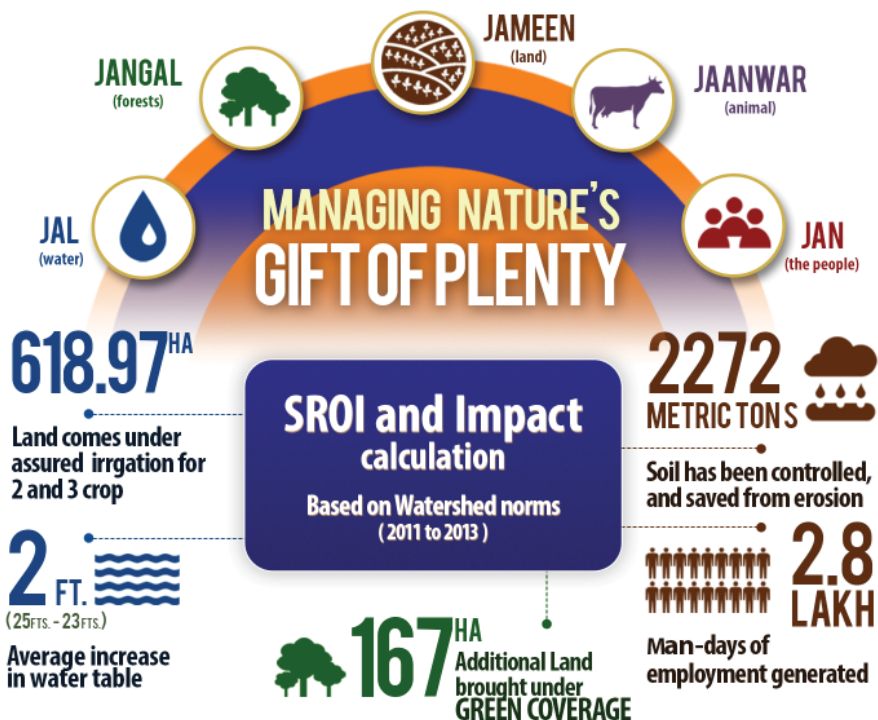
Depletion of natural resources, especially in a region that's blessed with plentiful, is a major concern. To address this, KGVK and the rural community of Jharkhand, in collaboration with government agencies and corporate entities, have taken up the cudgels to safeguard this precious gift and ensure that future generations to come also benefit from it.

In its area of operations, KGVK has mobilised the community to identify issues in order of priority and then develop a plan to address them in a timely fashion. The resources are classified under the 5 J(s), namely Jal (water), Jangal (forests), Jameen (land), Jaanwar (animals) and Jan (the people). The approach involves implementation of NRM activities, featuring technological interventions complemented by the participation of community members. Over the period of reportage, NRM activities have been spread over Rajnagar of Saraikela, Patratu block of Ramgarh district, Ormanjhi, Angara, Burmu, Bundu and Namkum.

Following are the intervention which ensure the environmental sustainability, ecological balance, protection of flora and funa , animal welfare agro forestry, conservation of natural resources and maintaining quality of soil ,air and water.

| S N | Structures | Number |
|----------------------------|-------------------------------|-----------|
| Safe Drinking Water | | |
| 1 | Micro -Drinking Systems | 02 |
| 2 | Drinking Well renovation | 164 |
| Water Conservation | | |
| 1 | Pond (New/ Renovation) | 108 |
| 2 | Dova (New/ Renovation) | 20 |
| 3 | Irrigation/ Diversion Channel | 30853 Mtr |
| 4 | Irrigation Well | 25 |
| 5 | Check Dam (Earthen) | 03 |
| 6 | Others | 02 |

| SN | Particulars | No. | Remarks |
|---|-----------------------------------|-----------|----------------|
| Soil & Moisture Conservation | | | |
| 1 | Contour trenching (Ha) | 36.8 | |
| 2 | Field/farm Bunding(Ha.) | 330.87 | |
| 3 | Gully Plugging (Nos.) | 71013 | |
| 4 | Field outlets (Nos) | 482 | |
| 5 | Land leveling | 41 | |
| 6 | Water Absorption trench (WAT)(ha) | 7 | |
| Productivity Enhancement | | | |
| 1. | Paddy cultivation through SRI | 1448 Acre | 3725 (farmers) |
| 2. | Rabi Crop | 3175 Acre | 6347 (farmers) |





Well Renovation in Progress at Patratu in Ramgarh

Water conservation is one of the most important issues faced by the people of Jharkhand where agriculture continues to be the mainstay of livelihood and less than 10% of the cultivated land is covered by any source of irrigation. The table above provides a glimpse of the work done by KGVK in the last year. The table below gives an idea of the impact that we are able to generate out of our work in this area.

Health

The future of a community is intrinsically connected to the prevailing health of the people who constitute it. Feeble-bodied men, undernourished youth and weary women do not make a social revolution nor do they inspire much hope in the quest for sustainable development. Precisely the reason why, KGVK has placed the greatest emphasis on ensuring that the people of rural Jharkhand have access to the best possible medical care, the requisite nutrition essential for a healthy childhood and living conditions that are hygienic and free from disease.

Following interventions, conducted under TVM, which eradicate the hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water:

| SN | Particulars | Number | Remarks |
|----|---|----------|------------------------------------|
| 1 | Health Camp | 80 Nos | 2315 Patient treated |
| 2 | Nav Dampatti Sammelan | 5 Nos. | Counseling of 1148 couples |
| 3 | Sas bahu Pati Sammelan | 2 Nos . | Counseling of 111 families |
| 4 | MTC Referral | 25 cases | 19 Malnourished children benefited |
| 5 | Counseling of 3rd grade children | 127 | |
| 6 | DDT Spray | 7012 HH | |
| 7 | Well Chlorination | 634 | 6123 family benefited |
| 8 | Counseling of lactating Mother on breast feeding | 6347 | Rural women |
| 9 | Capacity building to VHSNC committee/ Adolescent girls/ | 927 | Rural Girls/ women |

Work in healthcare is divided in two broad categories of prevention and curative care. Health camps and MTC referral focus on treatment and rest of the efforts, like chlorination, counseling on family planning,

maternal and child health care, focus on prevention of disease and better living conditions.

Education-TVM

Education is one of the cornerstones of KGVK's efforts, without which we will be unable to make the next generation come out of poverty and underdevelopment. We have three schools running at present one in Palamu and two in Ranchi. The endeavor is to provide good quality education at low cost. Besides these schools KGVK works with govt primary schools in its area of operation to improve the learning outcomes of the students. In a unique effort KGVK is training para teachers to create learning resource centres in villages. We have created 10 such centres in the year 2013-14 and intend to take it to many more villages this year.



An experiment for knowledge

Following are the intervention which are being conducted by us during the year which promote education, including special education and employment enhancing vocation skill especially among children, women, elderly and differently abled and livelihood enhancement project.

| S N | Particular | No. | Remarks |
|-----|---------------------------------------|-----|--|
| 2 | Learning Enhancement classes | 19 | 2536 students |
| 3 | Adult Education Centre | 9 | 170 Adult women |
| 4 | KGVK Gurukul School | 2 | 307 students |
| 5 | Para Teacher Training to Rural youths | 50 | 50 Rural youths trained as para teachers |



Goat Breed Improvement program

Livelihood-TVM

The Livelihood pillar is trying to reach as many households in our command as possible. In the year 2013-14 we have been trained 3124 women in Mushroom cultivation. The mushroom produced by women is sold in the local market. In the longer run we also intend to provide them marketing support. KGVK is working to help villagers improve the breed to goats which grow faster and provide them with almost double the income in half the duration vs the traditional variety. The return that the new variety generates is almost four times that of the traditional local variety of goats. Duck rearing is also catching up as the eggs from ducks are sold at almost 50% higher rates compared to the hen's eggs. We are also helping villagers venture into poultry. We have observed that when started at a relatively larger scale it is successful but not when it is started at a small scale. As villagers tend to consume themselves when do it at a small scale. Though it improves their nutrition quality, the entrepreneurial purpose is not served. This is the reason why we have are going slow on this.

Following are the intervention which are being conducted by us during the year which promote education , including special education and employment enhancing vocation skill especially among children, women, elderly and differently abled and livelihood enhancement project.

| S N | Particulars | Number (House Hold) |
|-----|-----------------------------|---------------------|
| 1 | Mushroom Cultivation | 3124 |
| 2 | Duck rearing | 1144 |
| 3 | Backyard Poultry | 55 |
| 4 | Goat breed improvement plan | 2076 |
| 5 | Fishery | 61 |
| 6 | Piggery | 50 |
| | Total | 6510 |



Income generation program- Duckery cultivation



Income generation program- Mushroom cultivation



Renewable Energy- Natural lighting system

Renewable energy-TVM operations

In Jharkhand, more than 90% of the villages are off the electricity grid and there is no hope to get it soon. In a situation like this KGVK has been working on developing small micro grid which connects them with a small grid that generates solar power to provide them lighting and charge their mobile phones. In this work, to make it sustainable KGVK seeks some contribution from villagers which helps us reach more households in given resource. A genuinely innovative idea of KGVK has been transparent sheet. Transparent sheet of 4x2 ft is installed on the thatched roof which provides them sun light through day, in an otherwise dark room. This helps villagers in the extreme weather conditions and increases their working hours. Bio gas plants and smokeless stoves are other activities undertaken by the renewable energy pillar.

Following are the intervention which ensure the environmental sustainability, ecological balance, protection of flora and funa , animal welfare agro forestry, conservation of natural resources and maintaining quality of soil ,air and water.

| SN | Particulars | Number | Remarks |
|----|---|--------|------------------|
| 1 | Installation of Solar based Micro Grid | 11 | 440 HH benefited |
| 2 | Installation of Bio gas Plant | 76 | 76 HH benefited |
| 3 | Smokeless Chullah | 87 | 87 HH benefited |
| 4 | Installation of Transparent sheet for natural light | 467 | 467 HH benefited |



Renewable Energy- Smokeless chulha

The table below provides a list of activities undertaken in 2013-14 in the villages around “factory/mines”

Activities in operational areas of Usha Martin

There are 54 villages in and around the operational area of plant and mines where similar activities are undertaken as villages under Total Village Management (TVM). The difference between the villages under TVM and villages around operations of the factory/mines is that we always want to have people's stake in the TVM approach which sometimes we have to give up because of the legacy of providing things in the charitable mode in these villages in past. Slowly we will approach all villages with TVM approach.

| Activities | Palamu | Ranchi | West Singhbhum |
|--|----------------------------|--------------------------------|----------------------------|
| Following are the intervention which ensure the environmental sustainability , ecological balance, protection of flora and funa , animal welfare agro forestry , conservation of natural resources and maintaining quality of soil ,air and water as prescribed under schedule VII of Companies Act 2013 | | | |
| Natural resource management | | | |
| SRI promotion | | 1006 farmers | 92 farmers |
| Kitchen garden | 150 | 162 | 150 |
| Plantation | 14000 | 4625 | 35000 |
| Renewable energy | | | |
| Transparent sheet | 40 | 199 | |
| Solar street lights | 35 | | |
| Solar lamps | 200 | | 47 |
| Smokeless stove | | 86 families | |
| Drinking Water | | | |
| Hand pump installation | 26 | 5 | 5 |
| Hand pump repairing | 47 | 35 | 48 |
| Following are the intervention conducted by us during, which eradicate the hunger, poverty and malnutrition. promoting preventive health care and sanitation and making available safe drinking water: | | | |
| Health care centres | 5 centers | | |
| Health camp | 32 | 332 | 348 |
| Village health Committee strengthening | 72 meetings | 124 meeting | 168 |
| Adolescents health camps | 46 | 279 | 65 |
| Free cataract operation camp | 15 patients | 190 patients | |
| Following are the intervention which are being conducted by us during the year. which promote education, including special education and employment enhancing vocation skill especially among children, women, elderly and differently abled and livelihood enhancement project. | | | |
| KGVK school | 196 children | 133 Children | |
| Tuition Class / Remedial classes | 2 centers (55 students) | 7 centers (214 students) | 6 centers (99 students) |
| Adult literacy centres | 5 villages | 16 villages | |
| Livelihood | | | |
| Poultry | 35 youth | | |
| Goat breed improvement | | 29 male bucks to 29 SHGs | |
| Fishery | | 37 ponds | 12 ponds |
| Mushroom | 330 women | 370 women | 157 women |
| Grocery store | 2 | | |
| Lac cultivation | | | 45 |
| Duck rearing | 100 women | | |
| Capacity building | | | |
| Training for Tassar silk production | 30 person | | |
| Workshop on TVM | 54 person | 171 person | 46 person |
| Traning of village spark | 28 person | 56 person | 22 person |
| Training on SRI cultivation | | 1527 farmers | 128 farmers |

Usha Martin Limited

CIN: L31400WB1986PLC091621

Registered Office : 2A, Shakespeare Sarani, Kolkata – 700 071, India, Phone : 033- 39800300, Fax : 033-39800400

email- investor_relation@ushamartin.co.in, Website: www.ushamartin.com

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the TWENTY EIGHTH ANNUAL GENERAL MEETING of the members and shareholders of USHA MARTIN LIMITED will be held at Vidya Mandir, 1, Moira Street, Kolkata – 700 017 on Thursday the 31st day of July, 2014 at 2.00 P.M to transact following businesses:

As Ordinary Business:

- To receive and adopt the Statement of Profit & Loss of the Company (both standalone and consolidated basis) for the year ended 31st March, 2014 and the Balance Sheet as at that date, together with the Directors' and Auditors' Reports.
- To appoint a director in place of Mr. P. Jhawar (holding DIN: 00353020) who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint a director in place of Mr. P. K. Jain (holding DIN 02583519) who retires by rotation and, being eligible, offers himself for re-appointment.
- 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 139 and other applicable provisions, if any, of the Companies Act, 2013, and upon recommendations of the Audit Committee, M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 301112E) be and are hereby appointed as Auditors of the Company to hold office from the conclusion of 28th Annual General Meeting until the conclusion of 30th 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:

5. As Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and the Listing Agreement, Mrs. Ramni Nirula (holding DIN 00015330), a Non-Executive Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 31st July, 2014 up to 30th July, 2019, not liable to retire by rotation on terms and conditions referred to in the explanatory statement of material facts annexed to the notice."

6. As Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and the Listing Agreement, Mr. Saill Singhal (holding DIN 00006629), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 31st July, 2014 up to 30th July, 2019, not liable to retire by rotation on terms and conditions referred to in the explanatory statement of material facts annexed to the notice."

7. As Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and the Listing Agreement, Mr. G. N. Bajpai (holding DIN 00946138), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 31st July, 2014 up to 30th July, 2019, not liable to retire by rotation on terms and conditions referred to in the explanatory statement of material facts annexed to the notice."

8. As Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and the Listing Agreement, Mr. Jitender Balakrishnan (holding DIN 00028320), a Non-Executive Director of the

Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 31st July, 2014 up to 30th July, 2019, not liable to retire by rotation on terms and conditions referred to in the explanatory statement of material facts annexed to the notice."

9. As Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs. 1,25,000/- (plus service tax as applicable and reimbursement of actual out of pocket expenses) for the financial year ending 31st March, 2015 as approved by the Board of Directors of the Company, to be paid to Messrs Guha, Ghosh, Kar & Associates, the Cost Auditors appointed to conduct the cost audit of the Company's units as may be required under the Companies Act, 2013 and rules made thereunder, be and is hereby ratified and confirmed."

10. As Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 188, Section 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, provisions of Articles of Association of the Company and subject to approval of Central Government and other approvals, if any required, approval of the Company be and is hereby accorded for appointment of Mr. R. S. Thakur (holding DIN 00020126), a Non-Executive Director of the Company as an advisor to the Company for a period of 3 years with effect from 28th May, 2014.

"RESOLVED FURTHER THAT the draft terms and conditions including remuneration as set out in the draft agreement to be entered into by the Company with Mr. R. S. Thakur and placed before this meeting, duly initialed by the Chairman for the purpose of identification, be and is hereby specifically approved.

"RESOLVED FURTHER THAT pursuant to the provisions of Section 197, Schedule V and other applicable provisions of the Companies Act, 2013 including any statutory modification or re-enactment thereof, and subject to necessary approvals, if any required, in the event of any loss, absence or inadequacy of the profits of the Company in any financial year, during the tenure of Mr. R. S. Thakur, the remuneration mentioned in the above referred draft agreement and explanatory statement shall be paid to Mr. R. S. Thakur as minimum remuneration.

"RESOLVED FURTHER THAT the Board of Directors of the Company subject to necessary provisions of the Companies Act, 2013 and necessary approvals, if any required, be and is hereby authorized to vary and/or modify the terms and conditions of the Agreement that may be entered as set out in the said draft agreement including remuneration payable to Mr. R. S. Thakur in such manner as may be agreed between the board and Mr. R. S. Thakur.

"RESOLVED FURTHER THAT the board be and is hereby authorized to do all such acts, deeds and things and execute all such documents and instruments as may be required and to delegate all or any of its powers herein conferred to any committee of directors to give effect to the aforesaid resolution.

"RESOLVED FURTHER THAT any director of the Company or the Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution and to file such application(s) with the Central Government to seek approval for payment of remuneration as per the terms of agreement and provisions of Companies Act, 2013."

11. As Special Resolution

"RESOLVED THAT the appointment of Mr. Apurv Jhawar in the capacity of Deputy Manager (Business Analysis) with the Company with effect from 1st August, 2014, and the Company's entry into the employment contract with Mr. Apurv Jhawar in the form approved by the Board of Directors, be and is hereby approved.

"RESOLVED FURTHER THAT the directors of the Company be and are hereby singly authorized on behalf of the Company to sign the employment contract with Mr. Apurv Jhawar, and be and are hereby further singly authorized on behalf of the Company to sign any other documents and do all other acts or things as they may, in their absolute discretion, deem necessary in connection with and/or arising from the employment contract with Mr. Apurv Jhawar."

12. As Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and the Listing Agreement,

Mr. Partha S Bhattacharyya (holding DIN 00329479), in respect of whom Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company with effect from 31st July, 2014 up to 30th July, 2019, not liable to retire by rotation on terms and conditions referred to in the explanatory statement of material facts annexed to the notice."

By Order of the Board
A K Somani
 Company Secretary
 Membership No. F1705

Dated : 25th June, 2014

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.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. A member holding more than ten percent (10%) of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

Proxies, in order to be effective, must be deposited at the registered office of the Company, duly completed and signed, at least 48 hours before commencement of the meeting. A proxy form is sent herewith.

- 2) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out details relating to Special Business at the meeting is annexed hereto.
- 3) The Registers of Members and the Share Transfer Books of the Company remained closed from 19th June, 2014 to 25th June, 2014 (both days inclusive).
- 4) The shareholders of the Company are informed that 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, 2006 has been transferred to the said Fund. The unclaimed/unpaid dividend declared for the financial year ended 31st March, 2007 shall be deposited in the Fund on or before 24th August, 2014.
- 5) 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.
- 6) Members holding shares in more than one folio are requested to write to the Company's R & T Agent, namely, MCS Limited, 77/2A, Hazra Road, Kolkata - 700 029 for consolidation of holding in one folio. The shareholders shall also send the relevant share certificates for this purpose.
- 7) 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.
- 8) 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 INE228A01035.
- 9) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the R & T Agent, namely, MCS Limited, 77/2A, Hazra Road, Kolkata – 700 029.
- 10) Electronic copy of the Annual Report for 2013 – 14 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013 – 14 is being sent in the permitted mode.
- 11) Electronic copy of the Notice of the 28th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 28th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
- 12) Members may also note that the Notice of the 28th Annual General Meeting and the Annual Report for 2013 – 14 will also be available on the Company's website www. ushamartin.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal

business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investor_relation@ushamartin.co.in

- 13) Pursuant to the provisions of section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014 and the Clause 35B of the Listing Agreement, the Company is pleased to offer e- voting (Electronic Voting) facility to its members to cast their votes electronically on all resolutions set forth in this Notice convening the 28th Annual General Meeting to be held on Thursday, July 31, 2014, at 2.00 p.m.

The Company has engaged the services of National Securities Depository Limited (“NSDL”) as the authorised agency to provide the e-voting facilities.

The e-voting facility will be available during the following voting period:

| Commencement of e-voting | End of e-voting |
|---|--|
| From 9.00 a.m. (IST) on 25th July, 2014 | Up to 6.00 p.m. (IST) on 27th July, 2014 |

Instructions and other information's related to e-voting

- A. In case a Member receives physical copy of the Notice of AGM [for members whose mail ID's are not registered with the Company/ Depository Participant(s) or requesting physical copy].
 - i. Open the internet browser during the voting period and type the URL: <https://www.evoting.nsdl.com>
 - ii. Click on Shareholder- Login
 - iii. If you are already registered with NSDL for e- voting, then you can use your existing User ID and password for Login. If you are logging for the first time, please enter the User ID and password provided in the Ballot Form.
 - iv. Enter the verification code, agree to the terms and conditions and then click on “LOGIN”.
 - v. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of the two. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - vi. Once the e-voting home page opens, click on e-voting - Active Voting Cycles.
 - vii. Select the EVEN (e –voting event number) of USHA MARTIN LIMITED (the number is provided in the Assent/Dissent Form). Once you enter the number, the Cast Vote page will open. Now you are ready for e-voting.
 - viii. Cast your vote by selecting your favoured option and click Submit. Also click Confirm when prompted. Upon confirmation, the message, vote cast successfully will be displayed. Please note that once your vote is cast on the selected resolution, it cannot be modified.
 - ix. Institutional shareholders (i.e. member other than individuals, HUF, NRI's etc.) are required to send a scanned certified true copy (PDF/JPG format) of the relevant board resolution/ authority letter, etc., together with the attested specimen signature(s) of the duly authorized signatory(ies) who are authorised to vote, to the Scrutinizer via email at : aklabhcs@gmail.com, with a copy marked to evoting@nsdl.co.in.
 - x. In case of any query, please refer to the Frequently Asked Questions (FAQ) for members and the e-voting user manual for members available in the 'Downloads' section of: <https://www.evoting.nsdl.com>. You can also contact NSDL via email at evoting@nsdl.co.in.
- B. In case a Member receives an email from NSDL (for members whose mail ID's are registered with the Company/ Depository Participant(s))
 - i. Open the e-mail and also PDF file with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - ii. Please follow all steps from Sl.No.A (i) to Sl. No.A (x) above, to cast your vote.
- C. Other instructions
 - i. The e-voting period commences on 25th July, 2014 at 9.00 a.m. (IST) and ends on 27th July, 2014 at 6.00 p.m. (IST). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 18th June, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.
 - ii. The members who have cast their vote electronically shall not be allowed to vote again at the meeting.
 - iii. Mr. Atul Kumar Labh of M/s A.K.Labh & Co., Practising Company Secretaries (Membership No. F 4848, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - iv. The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.

- v. The voting rights of shareholders shall be in proportion to their shares of the paid up capital of the Company as on 18th June, 2014.
 - vi. The results shall be declared on or after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.ushamartin.com and on the website of NSDL within two days of the passing of the resolutions at the 28th Annual General Meeting of the Company on 31st July, 2014 and communicated to the Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Societe de la Bourse de Luxembourg.
 - vii. The notice of the meeting is also available on the website of the Company at www.ushamartin.com and of NSDL at www.evoting.nsdl.com.
14. Members who do not have access to e-voting facility may exercise voting by means of postal ballot by sending duly completed Ballot Form so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. Atul Kumar Lahb, Practicing Company Secretary, (Membership No. F 4848), at the Registered Office of the Company not later than 6.00 p.m on 27th July, 2014.

Members may request for physical copy of the Ballot Form by sending a letter or an e-mail to the Company Secretary & Compliance Officer (email id : investor_relation@ushamartin.co.in) by mentioning their Folio No. / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later 6.00 p.m on 27th July, 2014. Ballot Form received after this date will be treated as invalid.

A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts vote by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid

15. 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:

| | | |
|--|---|--------------------------------|
| Name of the Director | Mr. P Jhavar | |
| Director Identification Number | 00353020 | |
| Date of Joining the Board | 24th June, 1992 | |
| Profile of Director | Mr. P Jhavar, aged about 51 years is a commerce graduate and has studied Management Development courses at Wharton Business School. He has been closely associated with the Company since its inception. After his appointment on the Board on 24th June, 1992, he was appointed as the Vice-Chairman with effect from 11th April, 1994 and was appointed as Chairman with effect from 10th May, 2010. He is having experience of more than 26 years and under his leadership, Usha Martin Group has successfully diversified its' business activities. | |
| No. of shares held in the Company (31.03.2014) | 1,990,788 | |
| Directorship (Indian Private/Public Companies) and Committee membership (Audit/ Investors Grievance) in other companies. | Directorship in other Companies | Committee Position Held |
| | Usha Martin Education & Solutions Limited | - |
| | Usha Breco Limited | - |
| | Usha Breco Realty Limited | - |
| | Redtech Network India Private Limited | - |
| | KGVK Rural Enterprises Limited | - |
| | Jhavar Venture Management Private Limited | - |
| | Pars Consultancy & Services Private Limited | - |
| | Usha Breco Education Infrastructure Limited | - |
| | KGVK Social Enterprises Limited | - |
| | KGVK Agro Limited | - |

| | | |
|--|--|--|
| Name of the Director | Mr. P K Jain | |
| Director Identification Number | 02583519 | |
| Date of Joining the Board | 1st February, 2010 | |
| Profile of Director | Mr. P K Jain, aged about 60 years 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 form 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 | |
| No. of shares held in the Company (31.03.2014) | 10,000 | |

| | | |
|---|---|--------------------------------|
| Directorship (Indian Private/Public Companies) and Committee membership (Audit/ Investors Grievance) in other companies | Directorship in other Companies | Committee Position Held |
| | U M Cables Limited | Audit Committee- Chairman |
| | Gustav Wolf Speciality Cords Limited CCL Usha Martin Stressing Systems Limited | - - |

EXPLANATORY STATEMENT OF MATERIAL FACTS IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No.5 to 8

Mrs. Ramni Nirula (Din: 00015330), Mr. Salil Singhal (Din: 00006629), Mr. G. N. Bajpai (Din: 00946138) and Mr Jitender Balakrishnan (Din: 00028320) are directors of the Company whose period of office was liable to retirement by rotation. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Salil Singhal (Din: 00006629), Mr. G. N. Bajpai (Din: 00946138), Mr. Jitender Balakrishnan (Din: 00028320) and Mrs. Ramni Nirula (Din: 00015330) being eligible, offer themselves for appointment as Independent Directors on the Board of the Company.

The Company has received the declaration of independence from the aforesaid directors in accordance with the provisions of the Companies Act, 2013. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint Mrs. Ramni Nirula (Din: 00015330), Mr. Salil Singhal (Din: 00006629), Mr. G. N. Bajpai (Din: 00946138), and Mr Jitender Balakrishnan (Din: 00028320) as Independent Directors on the Board of the Company for a term upto five consecutive years, commencing from 31 July, 2014 pursuant to the provisions of the Companies Act, 2013. A brief profile of proposed Independent Directors, including nature of their expertise, is provided as below:

A brief profile along with other details of the proposed Independent Directors are as follows:

| | | |
|---|--|--|
| Name of the Director | Mrs. Ramni Nirula | |
| Director Identification Number | 00015330 | |
| Date of Joining the Board | 14th January, 2010 | |
| Profile of Director | Mrs. Ramni Nirula, aged about 62 years, holds a Bachelor's degree in Economics and a Master's degree in Business Administration from Delhi University. She has experience of over three decades in various functions in financial sector ranging from project financing, strategy, planning and resources, corporate banking, rural banking, government banking, etc., in various capacities in ICICI Bank Limited and its' associates. She was Sr. General Manager at the time of her retirement from ICICI Bank Limited. | |
| No. of shares held in the Company (31.03.2014) | Nil | |
| Directorship (Indian Private/Public Companies) and Committee membership (Audit/Investors Grievance) in other companies) | Directorship in other Companies | Committee Position Held |
| | Jubilant FoodWorks Limited | Share Transfer & Grievance Committee- Chairperson Audit Committee- Member |
| | P I Industries Limited | Share Transfer & Grievance Committee- Chairperson |
| | McLeod Russel India Limited | - |
| | Sona Koyo Steering Systems Limited | Audit Committee- Member |
| | Eveready Industries India Limited | Audit Committee- Member |
| | DRN Investments & Agriculture Private Limited | - |
| | Tama Investments & Finance Private Limited | - |
| | Utkarsh Micro Finance Private Limited | Audit Committee- Member |
| | IKP Knowledge Park | - |
| | Goldman Sachs Trustee Company (India) Private Limited | Audit Committee- Member |
| | Avantha Power & Infrastructure Limited | Audit Committee- Member |
| | Avantha Ergo Life Insurance Company Limited | Audit Committee- Chairperson |

| | | |
|--------------------------------|--------------------------|--|
| Name of the Director | Mr. Salil Singhal | |
| Director Identification Number | 00006629 | |
| Date of Joining the Board | 12th May, 2009 | |

| | | |
|--|--|---|
| Profile of Director | Mr. Salil Singhal aged about 67 is an industrialist. He was the Chairman of Crop Care Foundation (erstwhile Pesticides Association of India) for 17 years. He was subsequently elected as Chairman Emeritus for life by the members of the Foundation. Mr. Singhal was also a member of the Executive Committee of the Federation of Indian Chamber of Commerce and Industry [FICCI] and the Chairman of Environment Committee of FICCI for 5 years. He was also the past Chairman of Confederation of Indian Industry [CII], Northern Region. He is presently the Chairman of the National Council of SMEs of CII and is a member of National Council of CII. | |
| No. of shares held in the Company (31.03.2014) | Nil | |
| Directorship (Indian Private/ Public Companies) and Committee membership (Audit/Investors Grievance) in other companies) | Directorship in other Companies | Committee Position Held |
| | PI Industries Limited | Stakeholders Relationship Committee- Member |
| | Somany Ceramics Limited | Audit Committee- Member |
| | Wolkem India Limited | - |
| | Secure Meters Limited | - |
| | Historic Resort Hotels Private Limited | - |
| | The Lake Palace Hotels & Motels Private Limited | - |
| | PILL Finance & Investments Limited | - |

| | | |
|---|---|--|
| Name of the Director | Mr. G. N. Bajpai | |
| Director Identification Number | 00946138 | |
| Date of Joining the Board | 18th March, 2010 | |
| Profile of Director | Mr. G N Bajpai, aged about 72 years holds a Master's degree in Commerce from University of Agra and a Bachelor's degree in Law (LLB) from University of Indore. Mr. Bajpai has held prominent senior level positions in various bodies during his executive career. He has served as Chairman of Life Insurance Corporation of India and later on as Chairman of Securities and Exchange Board of India, apart from heading task forces on corporate governance and serving on governing body of Indian Institute of Management, Lucknow. | |
| No. of shares held in the Company (31.03.2014) | 20,000 | |
| Directorship (Indian Private/ Public Companies) and Committee membership (Audit/ Investors Grievance) in other companies) | Directorship in other Companies | Committee Position Held |
| | Mandhana Industries Limited | Audit Committee- Member |
| | Nitesh Estates Limited | Audit Committee- Member |
| | Walchandnagar Industries Limited | - |
| | United Spirits Limited | Audit Committee- Member Investors & Grievance Committee- Member |
| | Future Consumer Enterprise Limited | Audit Committee- Chairman |
| | Invent Asset Securitisation & Reconstruction Company Private Limited | - |
| | Future Generali India Insurance Company Limited | Audit Committee- Chairman Investors & Grievance Committee- Chairman |
| | Future Generali India Life Insurance Company Limited | Audit Committee- Chairman Investors & Grievance Committee- Chairman |
| | Invent Arc Private Limited | - |
| | PNB Housing Finance Limited | - |
| | Micromax Informatics Limited | - |
| | Dalmia Cement (Bharat) Limited | Audit Committee- Member |
| | Intuit Consulting Private Limited | - |
| | International Development Enterprises (India) | - |
| | Institute of Insurance & Risk Management | - |

| | | |
|--|---|--------------------------------------|
| Name of the Director | Mr Jitender Balakrishnan | |
| Director Identification Number | 00028320 | |
| Date of Joining the Board | 10th June, 2010 | |
| Profile of Director | Mr. Jitender Balakrishnan aged about 65 years is B.E. [Mech] from National Institute of Technology, Madras University and holds a Post Graduate Diploma in Industrial Management from Bombay University. He was Dy. Managing Director & Group Head – Corporate Banking of IDBI Bank Limited at the time of his retirement and has served as IDBI's representative on various committees in fertilizer, oil & gas, telecom sectors and high level committee on ultra mega power projects and has also served on boards of various corporate, housing finance company, asset management company besides state financial institutions. | |
| No. of shares held in the Company (31.03.2014) | Nil | |
| Directorship (Indian Private/ Public Companies) and Committee membership (Audit/Investors Grievance) in other companies) | Directorship in other Companies | Committee Position Held |
| | Polyplex Corporation Limited | - |
| | IL & FS Investment Managers Limited | Audit Committee- Member |
| | Sarda Energy & Minerals Limited | Investor Grievance Committee- Member |
| | India Glycols Limited | - |
| | Bharti Infratel Limited | Audit Committee- Member |
| | Bharti Axa General Insurance Company Limited | - |
| | Bharti Axa Life Insurance Company Limited | - |
| | Bhoruka Power Corporation Limited | - |
| | Aaditya Birla Finance Limited | - |
| | Magus Estates & Hotels Private Limited | Audit Committee- Member |
| | Essar Services India Limited | - |
| | Equinox Realty & Infrastructure Private Limited | - |
| | Essar Projects (India) Limited | - |

Notices have been received from Members proposing candidature of the above Directors for the office of Independent Director of the Company together with the deposit of Rs.1,00,000 each as prescribed under the applicable provisions of the Companies Act 2013. In the opinion of the Board, Mr. Salil Singhal (Din: 00006629), Mr. G. N. Bajpai (Din: 00946138), Mr. Jitender Balakrishnan (Din: 00028320) and Mrs. Ramni Nirula (Din: 00015330), fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as Independent Directors of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out the terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in the resolutions set out at item nos. 5 to 8. The Board recommends the Ordinary Resolutions as set out at item nos. 5 to 8 for approval of the Members.

Item No.9

The Board, on recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditor Messrs Guha, Ghosh, Kar & Associates at a remuneration of Rs.1,25,000/- p.a (plus service tax as applicable and reimbursement of actual out of pocket expenses) to conduct the audit of the cost records of the Company in accordance with the provisions of the Companies Act, 2013 and rules made thereunder for the financial year ending March 31, 2015.

In accordance with the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 9 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2015.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 9. The Board recommends the Ordinary Resolution as set out at item No. 9 for approval of members.

Item No.10

Mr. R. S. Thakur, was an Independent Director on the Board of the Company from 31st January, 2013 upto 27th May, 2014 and is continuing on the Board as Non-Executive Director of the Company w.e.f 28th May, 2014.

The Nomination and Remuneration Committee at their meeting held on 26th May, 2014 and the Board of Directors of the Company at their meeting held on 27th May, 2014 approved the appointment including remuneration of Mr. R S Thakur, a Non-Executive Director of the Company, to hold office as an advisor subject to necessary approvals as required under Companies Act, 2013 and its rules and any other applicable provisions.

A brief profile along with other details of Mr. R S Thakur is as follows:

| | | |
|---|--|--|
| Name of the Director | Mr. R S Thakur | |
| Director Identification Number | 00020126 | |
| Date of Joining the Board | 30th January, 2013 | |
| Date of cessation as an Independent Director | 27th May, 2014 | |
| Present position in the Board | Non-Executive Director w.e.f.28th May, 2014. | |
| Profile of Director | Mr. R S Thakur aged about 65 years holds a Bachelor's Degree in Mechanical Engineering and MBA from XLRI. He has also passed the examinations of the Institute of Chartered Accountants and is a past Associate Chartered Management Accountant from Chartered Institute of Management Accountants, London. Mr. Thakur prior to joining Tata Autocomp Systems Limited as Executive Director in 2008 was associated with Tata Motors Limited for over 35 years and was responsible for Finance, Business Planning, Treasury, Mergers & Acquisitions, negotiating with State Governments for new projects and manufacturing engineering. Mr. Thakur was actively involved in the management of the overseas ventures as well as joint ventures in India of Tata Motors Limited. He was extensively involved in the turn around of a number of companies e.g. Automobile Corporation of India, Tata Precision Industries Ltd, Tata Daewoo Commercial Vehicles Limited, Tata AutoComp Systems Ltd and Tata Motors. Mr. Thakur retired as the Managing Director and CEO of Tata Autocomp Systems Limited. | |
| No. of shares held in the Company (31.03.2014) | 95,000 | |
| Directorship (Indian Private/Public Companies) and Committee membership (Audit/Investors Grievance) in other companies) | Directorship in other Companies Tal Manufacturing Solutions Limited Drive India Enterprise Solutions Limited | Committee Position Held Audit Committee- Chairman - |

In the opinion of the Nomination and Remuneration Committee of the Company and of the Board of Directors of the Company, Mr. R. S. Thakur possesses the requisite qualification for rendering service as an advisor and his appointment as an advisor is appropriate and in the best interest of the Company.

The main terms and conditions for appointment including remuneration of Mr. R S Thakur as advisor as set out in the draft agreement, placed before the meeting are as follows:

- i. The term of the agreement shall commence from 28th May, 2014 and shall automatically expire on 31st March, 2017, unless terminated earlier by either party as per the terms of the agreement.
- ii. The Advisor will spend 120 days in every financial year (or part thereof) during the Term towards fulfillment of his duties and performance of Services (as defined), in his capacity as an advisor.
- iii. The Advisor agrees and undertakes to provide certain services as set out in the Agreement. In addition, the Advisor shall also perform such other services as may be reasonably requested by the Company from time to time and mutually agreed by the Parties.
- iv. The services shall be performed consistent with the standards as may be expected, and mutually agreed from time to time.
- v. The Advisor shall be entitled to an advisory fee for provisions of service for a period of 120 days in a financial year, as set below, exclusive of any service tax payable on such amount, which shall be borne by the Company:

| Period | Annual Fee |
|---------|----------------|
| 2014-15 | Rs. 1.60 crore |
| 2015-16 | Rs. 1.80 crore |
| 2016-17 | Rs. 2.00 crore |

In the event of any loss, absence or inadequacy of profits of the Company in any financial year during the tenure of Mr. Thakur, the remuneration as specified above and in the agreement shall be paid to him as minimum remuneration for rendering service as an advisor, subject to the limits and conditions as set out in Section 197 and Schedule V of the Companies Act, 2013 and subject to necessary approvals, if any required.

As the remuneration payable to Mr. R S Thakur exceeds the limits specified in Section 197 and Schedule V of the Companies Act, 2013, the payment of remuneration to Mr. Thakur is subject to the provisions of Schedule V of Companies Act, 2013 and the approval of Central Government and any other approvals, if any required.

In accordance with the resolution and subject to applicable provisions of Companies Act, 2013 and approvals, if any required, the remuneration payable to Mr. R S Thakur, will be decided by the Board of Directors or Nomination and Remuneration Committee from time to time as it may deem fit in its absolute discretion. Mr. R S Thakur holds 95,000 equity shares in the Company.

The statement as required under Section II, Part II of the Schedule V of the Companies

Act, 2013 with reference to a Special Resolution is annexed hereto as Annexure-A

As recommended by the Nomination and the Remuneration Committee, the Board of Directors recommends for the passing of resolution proposed at Item No. 10 as a special resolution.

All documents referred to in the notice and explanatory statement shall be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on all working days from the date hereof upto and including the date of the Annual General Meeting.

This Explanatory Statement together with the accompanying notice may also be regarded as a disclosure under relevant applicable provisions of Companies Act, 2013 and Clause 49 of the Listing agreement with the Stock Exchange.

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mr. R S Thakur is concerned or interested, financially or otherwise, in the resolution set out at Item No. 10.

Item No.11

It is proposed to appoint Mr. Apurv Jhavar ("Mr. Apurv"), son of Mr. Prashant Jhavar, Chairman and Director of the Company, in the capacity of Deputy Manager (Business Analysis). Mr. Apurv, a third generation member of the Jhavar family, is a student entrepreneur who has completed his undergraduate degree from Babson College in the United States. Born in Kolkata, India, Mr. Apurv spent most of his teenage years in London, UK where he studied at the American School in London. Mr. Apurv has also gained exposure in entities privately held by the promoters. With his academic qualifications, comprehensive practical understanding of the business and its ethos and ideologies, Mr. Apurv could prove to be an asset to the Company and it is thought prudent to consider engaging Mr. Apurv with the Company and offer him a larger role as team player.

Since Mr. Apurv is a 'relative' of a director of the Company, and hence, a 'related party' of the Company within the meaning of the Companies Act, 2013 ("Act"), the Audit Committee of the Company has already considered and accorded its approval to the proposed terms of his employment, in terms of Section 177 of the Act. Even though the related party transaction proposed to be entered into is in the ordinary course of business and on an arm's length basis, the directors of the Company have thought it prudent to seek the consent of the Shareholders by a special resolution for the proposed appointment of Mr. Apurv Jhavar. The relevant disclosures prescribed in terms of the Act, read with Explanation 3 to Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, in relation to the proposed appointment of Mr. Apurv Jhavar as aforesaid is given below:

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mr. Prashant Jhavar is concerned or interested, financially or otherwise, in the resolution set out at Item No. 11. The Board recommends the Special Resolution as set out at item No. 11 for approval of members.

Related Party Disclosures under the first proviso to Section 188(1) of the Companies Act, 2013 read with Explanation 3 to Rule 15(3) of the Companies (Meetings of the Board and its Powers) Rules, 2014

| S. No. | Disclosure | Remarks |
|--------|--|--|
| 1 | Name of the related party | Mr. Apurv Jhavar |
| 2 | Name of the director or key managerial personnel who is related, if any | Mr. Prashant Jhavar, Chairman and Director |
| 3 | Nature of Relationship | Mr. Apurv Jhavar is son of Mr. Prashant Jhavar |
| 4 | Nature, material terms, monetary value and particulars of the contract or arrangement | Employment contract for appointment of Mr. Apurv Jhavar at the position of Deputy Manager (Business Analysis) with effect from August 1, 2014. Mr. Apurv Jhavar will be entitled to receive remuneration of Rs. 5.50 lakhs p.a [cost to company]. A copy of the contract referred to in the resolution would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, upto and including the date of the Annual General Meeting. |
| 5 | Any other information relevant or important for the members to take a decision on the proposed resolution. | N.A. |

Item No.12

The Company has received a notice in writing under the provisions of Section 160 of Companies Act, 2013, from a Member of the Company, proposing candidature of Mr. Partha S Bhattacharyya for the office of Independent Director of the Company together with the deposit of Rs. 1,00,000 to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has also received from Mr. Partha S Bhattacharyya (i) a consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub-section (2) of section 164 of Companies Act, 2014 and (iii) a declaration to the effect he meets the criteria of independence as provided in Companies Act, 2013.

A brief profile of Mr. Partha S Bhattacharyya (holding DIN 00329479), including nature of their expertise, directorship and committee position held by him in other companies is

provided below. The said details will be included in the Report on Corporate Governance forming part of the Annual Report for the year 2014-15 as per the provisions of the Companies Act 2013.

In the opinion of the Board and nomination committee, Mr. Partha S Bhattacharyya (holding DIN 00329479), fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and the listing agreement and is independent of the management. A copy of the draft Letter of Appointment of Mr. Partha S Bhattacharyya, setting out terms and conditions of his appointment, is available for inspection at the Registered Office of the Company during normal business hours on any working day.

In line with the requirements of the Companies Act, 2013 and listing agreement, it is therefore proposed to appoint Mr. Partha S Bhattacharyya (holding DIN 00329479) as an Independent Director on the Board of the Company for a term upto five consecutive years, commencing from 31st July, 2014 up to 30th July 2019 pursuant to Section 149 and other applicable provisions of Companies Act, 2013 and Rules made thereunder and any other applicable provisions, if any. Mr. Partha S Bhattacharyya will not be liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item No. 12. The Board recommends the Ordinary Resolution as set out at item No. 12 for approval of members.

A brief profile along with other details of Mr. Partha S Bhattacharyya is as follows:

| | | |
|---|---|---|
| Name of the Director | Mr. Partha S Bhattacharyya | |
| Director Identification Number | 00329479 | |
| Profile of Director | Mr. Partha S Bhattacharyya, M.Sc (Physics) from Jadavpur University and FICMA hails from a well educated freedom fighter's family. He joined Coal India Limited as a Management trainee in 1977 and rose to become its Chairman in October 2006. During his tenure, Coal India launched the largest Indian IPO in 2010 and in 2011 it joined the exclusive club of Maharatna CPSEs. The Forbes magazine recognized him as a high achiever of the year 2010. He has also been featured in a document published by Tata McGraw Hill released in Mumbai on February 10, 2011, as one of the transformation leaders of Corporate India. Mr. Bhattacharyya was the Chairman of the Research Council of Central Institute of Mining and Fuel Research (CIMFR), Dhanbad for 3 years from April, 2010. During his career he has received many awards & accolades, notable among the many are (a) the coveted 'SCOPE GOLD TROPHY AWARD' in 2009 for excellence and outstanding contribution to the public sector management- Institutional Category 2007-08 for CIL (b) 'SCOPE SPECIAL AWARD OF THE JURY' for self in 2010 (c) Swami Vivekananda excellence award in Corporate Leadership in 2011 (d) CEO of the year award for 2010 from Indian Chamber of Commerce & World HRD Congress. Mr. Bhattacharyya is currently an Executive Director in Deepak Fertilizers And Petrochemicals Corporation Limited | |
| No. of shares held in the Company (25.06.2014) | Nil | |
| Directorship (Indian Private/ Public Companies) and Committee membership (Audit/ Investors Grievance) in other companies) | Directorship in other Companies | Committee Position Held |
| | Karam Chand Thapar & Bros (Coal Sales) Limited | Audit Committee-Chairman |
| | Deepak Fertilisers And Petrochemicals Corporation Limited | Shareholders / Investors Grievance Committee - Member |
| | RungePincokMinarco India Private Limited | - |
| | The Orissa Minerals Development Company Limited | Audit Committee-Chairman |

STATEMENT AS PER SECOND PROVISIO, CLAUSE (iv) OF SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013

I. General Information:

- 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-14 | 31-Mar-13 | 31-Mar-12 |
|---------------------|-----------|-----------|-----------|
| Sales | 3584.93 | 3346.98 | 3080.76 |
| Profit before tax | (36.86) | 10.32 | (43.81) |
| Profit after tax | (25.68) | 7.05 | (32.77) |
| Shareholder's funds | 1522.71 | 1544.92 | 1530.87 |
| Total Assets | 7669.79 | 7079.55 | 6093.69 |

- Foreign Investments / Collaborators, if any – The Company is presently having a technical assistance agreement with Aichi Steel Corporation, Japan.

II. Information about the appointee: Mr. R. S Thakur

- Background details -Mr. R S Thakur aged about 65 years holds a Bachelor's Degree in Mechanical Engineering and MBA from XLRI. He has also passed the examinations of the Institute of Chartered Accountants and is a past Associate Chartered Management Accountant from Chartered Institute of Management Accountants, London. Mr. Thakur prior to joining Tata Autocomp Systems Limited as Executive Director in 2008 was associated with Tata Motors Limited for over 35 years and was responsible for Finance, Business Planning, Treasury, Mergers & Acquisitions, negotiating with State Governments for new projects and manufacturing engineering. Mr. Thakur was actively involved in the management of the overseas ventures as well as joint ventures in India of Tata Motors Limited. He was extensively involved in the turn around of a number of companies e.g. Automobile Corporation of India, Tata Precision Industries Ltd, Tata Daewoo Commercial Vehicles Limited, Tata AutoComp Systems Ltd and Tata Motors. Mr. Thakur retired as the Managing Director and CEO of Tata Autocomp Systems Limited

ii. Past remuneration – Mr. R. S. Thakur was paid the following remuneration:

| | 31-Mar-14 (Rs.) | 31-Mar-13 (Rs.) |
|--------------|-----------------|-----------------|
| Sitting Fees | 80,000 | 20,000 |
| Commission | - | - |
| Total | 80,000 | 20,000 |

iii. Recognition /Awards – N.a

- Job profile and his suitability – Mr. R S Thakur as a member of the Steering Committee which is guiding project Sursire at Jamshedpur will actively oversee, facilitate, coordinate and ensure speedy implementation of the said project jointly with the Managing Director, Joint Managing Director and Chairman of the Company. 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.

- Remuneration Proposed – Mr. R S Thakur shall be paid an advisory fee for provision of services for a period of 120 days in a financial year, as set below, exclusive of any service tax payable on such amount, which shall be borne by the Company:

| Period | Annual Fee |
|---------|----------------|
| 2014-15 | Rs. 1.60 crore |
| 2015-16 | Rs. 1.80 crore |
| 2016-17 | Rs. 2.00 crore |

- 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 the Steel business of the Company and maintaining its position in the market in the segment, the versatile experience and expertise of MR. R S Thakur and the responsibilities being entrusted to him, the Board of Directors is of the opinion that the proposed remuneration is reasonable.

- Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel – Mr. R S Thakur is not having any other pecuniary relationship with the Company, it's promoters or any other managerial personnel. Mr. R S Thakur is holding 95,000 equity shares in the Company.

III. Other information:

- Reasons of loss or inadequate 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. 25.68 cr during financial year 2013-14 on standalone basis against profit of Rs. 7.05 cr in the previous year.

- 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 control, value analysis and value engineering.

- 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 MT of steel per annum from current level of about 0.6 million MT. 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.

By Order of the Board

A K Somani

Company Secretary

Dated : 25th June, 2014

Membership No. F1705

Usha Martin Limited

2A, Shakespeare Sarani, Kolkata – 700 071, India, CIN : L31400WB1986PLC091621, Phone : 033 – 39800300
 Fax : 033 – 39800400, Email : investor_relation@ushamartin.co.in, Website : www.ushamartin.com



PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | |
|-------------------------|-------------|
| Name of the member(s) : | E-Mail ID : |
| Folio No./ Client ID : | DP ID : |
| Registered Address : | |

I/ We, being the member(s) of _____ shares of Usha Martin Limited, hereby appoint :

- Name : Email :
 Address : Signature : _____
 or failing him / her
- Name : Email :
 Address : Signature : _____
 or failing him / her
- Name : Email :
 Address : Signature : _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 28th Annual General Meeting of the Company, to be held on Thursday, July 31, 2014, at 2:00 p.m., at Vidya Mandir, 1 Moira Street, Kolkata – 700 017, West Bengal, India and at any adjournment thereof in respect of such resolutions as are indicated below :

| Resolution No. | Resolutions Proposed |
|----------------|--|
| 1. | Adoption of Statement of Profit and Loss, Balance Sheet, Report of Board of Directors and Auditors (for both Standalone & Consolidated) for the year ended March 31, 2014. |
| 2. | Appointment of director in place of Mr. P Jhawar, who retires by rotation and being eligible, seeks re-appointment. |
| 3. | Appointment of director in place of Mr. P K Jain, who retires by rotation and being eligible, seeks re-appointment. |
| 4. | Appointment of Auditors & fixing their remuneration. |
| 5. | Appointment of Mrs. Ramni Nirula as an Independent Director in pursuance to provisions of Companies Act, 2013. |
| 6. | Appointment of Mr. Salil Singhal as an Independent Director in pursuance to provisions of Companies Act, 2013. |
| 7. | Appointment of Mr. G N Bajpai as an Independent Director in pursuance to provisions of Companies Act, 2013. |
| 8. | Appointment of Mr. Jitender Balakrishnan as an Independent Director in pursuance to provisions of Companies Act, 2013. |
| 9. | Approval of remuneration to the Cost Auditors for financial year ending March 31, 2015. |
| 10. | Appointment of Mr. R S Thakur as an advisor to the Company including fixation of remuneration. |
| 11. | Appointment of Mr. Apurv Jhawar (a related party) as Deputy Manager (Business Analysis) with the Company. |
| 12. | Appointment of Mr. Partha S Bhattacharyya as an Independent Director in pursuance to provisions of Companies Act, 2013. |

Signed this.....day of2014

Signature of Shareholder

Signature of Proxyholder

Affix Re 1
Revenue
Stamp

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Usha Martin Limited

2A, Shakespeare Sarani, Kolkata – 700 071, India, CIN : L31400WB1986PLC091621, Phone : 033 – 39800300
 Fax : 033 – 39800400, Email : investor_relation@ushamartin.co.in, Website : www.ushamartin.com



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 28th ANNUAL GENERAL MEETING of the Company to be held at Vidya Mandir, 1, Moira Street, Kolkata – 700 017 on Thursday, 31st day of July, 2014 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)

| | 31-03-05 | 31-03-06 | 31-03-07 | 31-03-08 | 31-03-09 | 31-03-10 | 31-03-11 | 31-03-12 | 31-03-13 | 31-03-14 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|-----------------|
| Gross Turnover | 1270.58 | 1377.18 | 1573.74 | 1852.77 | 2307.21 | 1960.03 | 2742.24 | 3080.76 | 3346.98 | 3584.93 |
| Net Turnover | 1189.87 | 1231.78 | 1408.60 | 1655.90 | 2127.23 | 1850.39 | 2526.70 | 2836.89 | 3044.53 | 3287.12 |
| PBIDT | 198.93 | 249.89 | 285.98 | 357.01 | 422.43 | 359.49 | 496.02 | 408.80 | 572.33 | 692.82 |
| Profit Before Tax | 58.27 | 100.74 | 138.40 | 200.71 | 214.04 | 139.21 | 145.30 | -43.81 | 10.32 | -36.86 |
| Profit After Tax | 40.87 | 64.96 | 101.48 | 144.83 | 146.56 | 92.21 | 99.53 | -32.77 | 7.05 | -25.68 |
| EPS - (Rs.) # | 11.04 | 16.20 | 22.54 | 5.76 | 5.86 | 3.53 | 3.23 | -1.08 | 0.23 | -0.84 |
| Rate of Dividend - (%) | 30% | 55% | 75% | 100% | 100% | 100% | 100% | - | 15% | - |
| Net Fixed Assets | 893.78 | 954.28 | 1097.07 | 1449.08 | 2331.07 | 2857.54 | 3130.00 | 3671.38 | 4460.83 | 5256.95 |
| Net Current Assets Including Cash & Bank Balances | 345.09 38.97 | 301.86 51.75 | 353.62 37.08 | 372.47 46.36 | 681.46 76.47 | 185.21 10.30 | 463.78 113.01 | 665.19 253.18 | 597.09 123.11 | 72.85 154.95 |
| Gross Debt | 825.93 | 687.61 | 749.37 | 943.20 | 2061.23* | 1560.91* | 2008.80* | 2788.14* | 3487.80* | 3785.07 |
| Net Worth | 444.79 | 587.36 | 717.96 | 897.38 | 1015.55 | 1499.69 | 1557.06 | 1531.54 | 1544.92 | 1522.71 |
| Debt Equity Ratio (X) | 1.86 | 1.17 | 1.04 | 1.05 | 2.03 | 1.04 | 1.29 | 1.82 | 2.26 | 2.49 |

Consolidated

(Rs/crs except mentioned)

| | 31-03-05 | 31-03-06 | 31-03-07 | 31-03-08 | 31-03-09 | 31-03-10 | 31-03-11 | 31-03-12 | 31-03-13 | 31-03-14 |
|---|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|------------------|-------------------|------------------|------------------|
| Gross Turnover | 1648.48 | 1969.31 | 2148.42 | 2527.66 | 3146.79 | 2630.33 | 3266.42 | 3614.74 | 3935.27 | 4388.32 |
| Net Turnover | 1550.26 | 1801.96 | 1964.71 | 2308.77 | 2949.85 | 2514.41 | 3044.59 | 3360.82 | 3621.83 | 4073.83 |
| PBDIT | 243.93 | 313.41 | 367.96 | 444.94 | 531.36 | 495.01 | 595.03 | 497.76 | 705.03 | 799.43 |
| Profit Before Tax | 70.68 | 126.47 | 182.92 | 246.84 | 280.59 | 240.04 | 204.07 | 11.40 | 103.50 | 26.67 |
| Profit After Tax | 50.08 | 84.34 | 137.44 | 175.38 | 185.33 | 168.62 | 137.03 | 3.61 | 78.84 | 10.70 |
| EPS - (Rs.) # | 13.53 | 21.03 | 30.52 | 6.97 | 7.41 | 6.46 | 4.50 | 0.12 | 2.59 | 0.35 |
| Net Fixed assets | 1107.01 | 1194.77 | 1377.89 | 1740.97 | 2623.22 | 3177.69 | 3440.37 | 3988.73 | 4935.26 | 5873.13 |
| Net Current Assets Including Cash & Bank Balances | 429.21 49.28 | 423.40 67.66 | 519.26 49.04 | 528.91 72.12 | 924.84 108.80 | 420.67 47.62 | 740.32 147.70 | 1006.57 362.24 | 926.52 183.70 | 435.28 195.47 |
| Gross Debt | 1047.25 | 865.11 | 963.03 | 1137.47 | 2266.37* | 1716.58* | 2155.47* | 2931.62* | 3688.50* | 4071.18 |
| Net Worth | 415.16 | 606.01 | 773.41 | 967.39 | 1135.50 | 1687.52 | 1784.34 | 1830.28 | 1935.28 | 2002.84 |
| Debt Equity Ratio (X) | 2.52 | 1.43 | 1.25 | 1.18 | 2.00 | 1.02 | 1.21 | 1.60 | 1.91 | 2.03 |

Face value of each equity share is Rs.5 upto FY 07 and Re.1 thereafter

* Including capex L/Cs

USHA MARTIN LIMITED

2A, Shakespeare Sarani, Kolkata – 700 071, India
CIN : L31400WB1986PLC091621

Phone : 033 – 39800300; Fax : 033 – 39800400

Email : investor_relation@ushamartin.co.in, Website : www.ushamartin.com

FORM A

**Format of covering letter of the annual audit report
to be filed with the stock exchanges**

| | | |
|----|--|--|
| 1. | Name of the Company | Usha Martin Limited |
| 2. | Annual financial statements for the year ended | 31 st March, 2014 |
| 3. | Types of Audit observation | Unqualified |
| 4. | Frequency of observation | Not Applicable |
| 5. | To be signed by: | |
| | <ul style="list-style-type: none"> • CEO / Managing Director | <p align="right">For Usha Martin Limited</p>  <p align="right">R Jhawar Managing Director</p>  |
| | <ul style="list-style-type: none"> • CFO | <p align="right">For Usha Martin Limited</p>  <p align="right">A K Somani Chief Financial Officer</p>  |
| | <ul style="list-style-type: none"> • Auditor of the Company | <p align="right">For Price Waterhouse Firm Registration Number: 301112E Chartered Accountants</p>  <p align="right">P. Law Partner Membership No. 51790</p>  |
| | <ul style="list-style-type: none"> • Audit Committee Chairman | <p align="right">For Usha Martin Limited</p>  <p align="right">J Balakrishnan Audit Committee – Chairman</p>  |

Date: 27th May, 2014
Place: Kolkata