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INTEGRATED

Usha Martin Limited •Annual Report 2009-10

Contents

Corporate **Information**

Board of Directors

Mr. B K Jhawar	- Chairman Emeritus
Mr. Prashant Jhawar	- Chairman
Mr. Brij K Jhawar	- Director
Mr. N J Jhaveri	- Director
Mr. A K Chaudhri	- Director
Mr. A K Basu	- Director
Mr. S Singhal	- Director
Mrs. Ramni Nirula	- Director
Mr. G N Bajpai	- Director
Mr. Nripendra Misra	- Director
Mr. Jitender Balakrishnan	- Director (w.e.f. 10th June, 2010)
Mr. Rajeev Jhawar	- Managing Director
Dr. P Bhattacharya	- Jt. Managing Director
Dr. Vijay Sharma	- Executive Director & Chief Executive [Steel Business]
Mr. P K Jain	- Executive Director & Chief Executive [Wire & Wire Ropes Business]

Senior Management Team

India

Mr. S N Guha	- Chief Operating Officer [Steel Business]
Mr. A K Somani	- Chief Financial Officer & Company Secretary
Mr. A Basak	- Sr. Vice President [Commercial & Shared Services]
Mr. D J Basu	- Sr. Vice President [HR]
Mr. S K Jala	- Sr. Vice President [IT]
Mr. Rajesh Sharma	- Sr. Vice President [Wire & Wire Rope Division]
Mr. A K Dutta	- Sr. Vice President [Engineering & Projects]
Mr. Sunil Gupta	- Sr. Vice President [Commercial]
Mr. Anjan Kumar Dey	- Sr. Vice President [Iron Making]
Mr. A K Gawri	- Sr. Vice President (TMT Business)

Europe

Mr. S Jodhawat	- Chief Executive Officer – Usha Martin International Limited
Mr. Paul Scutt	- Managing Director – European Marine & Management
Mr. Ken Green	- Director-in-charge – Brunton Shaw UK
Mr. Henk Steenbergen	- General Manager – De Ruiter Staalkabel B.V

Southeast Asia

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

United States of America

Mr. Sunil Sadani	- Vice President – Usha Martin Americas Inc.

Share Listings

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

Bankers

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

Registrar & Transfer Agent

MCS Limited
77/2A, Hazra Road, Kolkata – 700 029
Phone : 033 – 24767350-54 /24541892-93
Fax : 033 – 24541961/24747674
Email : mcscal@cal2.vsnl.net.in

Auditors

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

Works

Adityapur, Jamshedpur (Jharkhand)
Nawalganj, Agra (UP)
Tatilswai, Ranchi (Jharkhand)
Barajamda (Jharkhand)
Daltonganj (Jharkhand)
Hoshiarpur (Punjab)
Bangalore (Karnataka)
Sri Perumbudur (Tamil Nadu)

Registered & Corporate Office

2A, Shakespeare Sarani
Kolkata – 700 071, India
Phone : 033 – 39800300
Fax : 033 – 39800400
Email : investor_relations@ushamartin.co.in

Chairman's **Message**

10th May, 2010

Dear Shareholders,

In taking responsibility as Chairman of Usha Martin Ltd, I pledge my total support and energy to the achievement of our vision and goals.

We are blessed to have a momentum of achievement founded upon the energy, wisdom and sheer effort of our founders, Mr. B K Jhawar and Mr. Brij K Jhawar, who built the company from its first inception to our current global enterprise, with integrated interests including, speciality steels, wire ropes, mining and cable manufacturing, and a current revenue of over Rs.3,600 cr.

Mr. B K Jhawar, has generously agreed to continue to guide as a member of the Board and to lead our Business Strategy Committee, where his unparalleled insights are available to us all. Commensurate with his stature, he will be designated as **Chairman Emeritus**.

Solid business models are the continuing firm foundation, upon which we judge our existing performance, and upon which we build our business innovations to reflect and harness changing market dynamics; I count myself honoured to be the custodian of this principle for the future.

As we look to the future I am ever mindful of the obligations and duties of Corporate Governance we owe to all our stakeholders, with whose support we can feel confident in developing our strategy and plans to serve our expanding markets around the world we will continue and improve upon our strong principles of open communication, ethical dealings, high standards of governance and Corporate Social Responsibility.

In doing so, I am proud to be a member of the Leadership Team which comprises people of outstanding talent, who in turn work with a Management Team and Workforce, whose dedication and industrial relations record speak volumes for their contribution to our mutual future.

Usha Martin is now fifty years old, and as I look to the next half century, like you, I see huge changes in technology, in society itself and the ways in which the people of the World interact; so in this inevitably changing landscape, Usha Martin will be at the forefront of leadership and change.

Thank you,

Prashant Jhawar
Chairman

Report of the **Board of Directors**

Dear Shareholders,

The Board of Directors of your Company takes pleasure in presenting 24th Annual Report and audited accounts of your Company for the financial year ended 31st March, 2010.

Financial Results

(Rs. in cr.)

	Standalone		Consolidated	
	31st March, 2010	31st March, 2009	31st March, 2010	31st March, 2009
Gross sales including inter Company/division sales and excise duty	2,553.77	3,085.33	3,604.32	4,499.41
Less: Excise duty	109.64	179.98	115.92	196.95
Less : Inter Company/ division sales	593.74	778.12	973.99	1,352.61
Net sales excluding excise duty and inter Company/division sales	1,850.39	2,127.23	2,514.41	2,949.85
Other Income	20.16	13.53	25.51	17.63
Net sales and other income	1,870.55	2,140.76	2,539.92	2,967.48
Profit before depreciation and tax	246.46	299.08	369.51	389.21
Depreciation	107.25	85.04	129.47	108.62
Profit before tax	139.21	214.04	240.04	280.59
Provision for tax (including deferred tax and FBT)	47.00	67.48	68.52	92.24
Profit after tax	92.21	146.56	171.52	188.35
Minority interest	–	–	(2.90)	(3.01)
Profit after taxation and minority interest	–	–	168.62	185.34
Profit brought forward from previous year	34.36	42.08	132.08	101.11
Appropriations are made as under:				
- General Reserve	50.00	125.00	50.00	125.00
- Transfer to Capital Redemption Reserve	–	–	3.00	–
- Proposed dividend on equity shares and tax thereon	35.45	29.28	35.55	29.38
- Balance carried forward to next year	41.12	34.36	212.15	132.08

Dividend

The Board of Directors recommends a dividend, Re 1 per share (100%) on the equity shares of the Company for year ended 31st March, 2010, amounting to Rs. 35.45 cr. including dividend tax, surcharge and cess @ 16.995%.

Review of Operations

The 2009-10 continued to witness economic volatility in domestic and global markets. As a result, business of your Company was adversely affected in comparison with its performance in the previous financial year. However, recent recovery in economic conditions and in steel sector are positive for the Company.

During 2009-10, your Company achieved net turnover of Rs. 1,850.39 cr as against Rs. 2,127.23 cr in 2008-09, lower by 13.00%. The gross sales before adjustment of inter divisional sales were Rs. 2,553.77 cr, registering a decline of 17.20% over 2008-09.

The Company achieved profit before tax of Rs. 139.21 cr as against Rs. 214.04 cr, lower by 35.00% and net profit of Rs. 92.21 cr, as against Rs. 146.56 cr in 2008-09, lower by 37.10%.

The collective turnover of subsidiaries (without inter Company/division sales) stood at Rs. 1,050.55 cr, which is lower by 25.70% over 2008-09.

The consolidated net turnover (net of excise duty and inter Company/division sales) decreased 14.80% to Rs. 2,514.41 cr. The consolidated profit before tax and profit after tax decreased by 14.50% and 9.01% to Rs. 240.04 cr and Rs. 168.62 cr, respectively.

The Company voluntarily adopted Accounting Standard (AS)-30 "Financial Instruments; Recognition and Measurements" with effect from 1st April, 2009 to account for derivative contracts to the extent such adoption does not conflict with the existing Accounting Standards, Companies Act and other regulatory requirements. The modified accounting policy has been disclosed suitably under head “Significant Accounting Policies” in the accounts.

Projects

The projects undertaken by the Company have been successfully commissioned barring Mini Blast Furnace, Sinter Plant and 20

MW Captive Power Plants which are expected to be commissioned during current financial year. The cost of projects which were commissioned during year under review is Rs. 1,234.33 cr. and the Company has incurred net trial run expenses amounting to Rs. 40.16 cr. In view of large number of projects being under implementation at steel plant at Jamshedpur and practical difficulties involved in carrying out scheduled physical verification of fixed assets, it was considered prudent to postpone same by one year. The Company also started operations at coal mine during year under review.

The Board has further approved a capital expenditure plan of Rs. 1,200.00 cr. largely aimed to further strengthen its' cost competitiveness by setting up captive facilities namely a pellet plant, a coke oven plant, additional DRI and power plants and some balancing facilities in Steel and Wire & Wire Rope Divisions. The capex plan is expected to be completed in a period of 36 months.

Business Outlook

After having gone through significant downturn in business activity, stability was witnessed in most sectors with support of government spending and intervention, by end of financial year under review. The conditions are expected to remain stable before improving, assuming positive policies continuing from government and confidence level gets restored in global markets.

Given expected improvement in business conditions, completion of projects, expansion of capacity for making steel, higher integration with mineral resources and value added products, and consolidation of the Company's position as special steel producer are expected to enable the Company to do reasonably well in financial performance in first quarter of current financial year and onwards.

Subsidiaries

The Company continues to get significant synergy and support from its overseas investments resulting into impressive growth in turnover and financial performance.

Usha Martin Singapore Pte. Limited [UMSPL], a wholly owned subsidiary of the Company, was allotted a plot of land by Government of Singapore. UMSPL has constructed about 70,000 sq. ft. space to accommodate warehousing facilities which have become operational in April, 2010.

During year under review, P. T. Usha Martin Indonesia, a Company incorporated in Indonesia, has been formed as wholly owned subsidiary of UMSPL.

Also, during year under review, Bharat Minex Private Limited has been made a wholly owned subsidiary of the Company, after buying out 50% equity stake earlier held by joint venture partner namely BHP Minerals Holding Pty Ltd.

Brunton Shaw Americas Inc, a wholly owned subsidiary of the Company has been merged with Usha Martin Americas Inc, (UMAI) another wholly owned subsidiary of the Company, w.e.f. 1st April, 2009.

U M Cables Ltd. (UMCL), wholly owned subsidiary of the Company, has declared dividend of Rs. 0.64 cr. on its outstanding preference shares allotted to and entirely held by the Corporate. Also, during the year UMCL has redeemed part of its' preference share capital amounting to Rs. 3.00 cr. by creating Capital Redemption Reserve out of its' profits.

The Statement under Section 212 of the Companies Act, 1956 in respect of subsidiaries of the Company is annexed to this Report. The Company received, vide letter No. 47/270/2010-CL-III dated 22nd April, 2010, approval from Ministry of Corporate Affairs, Government of India, for exemption from annexing accounts and other documents pertaining to subsidiaries, under Section 212(8) of the Companies Act, 1956.

Joint Ventures

The joint ventures formed by the Company namely, Pengg Usha Martin Wires Pvt. Ltd., with Joh Pengg AG of Austria and CCL Usha Martin Stressing Systems Ltd., with CCL group of UK continue to remain affected due to volatile business during year under review. With improvement in business conditions these joint ventures are expected to be doing reasonably better.

The joint ventures with M/s Gustav Wolf Seil-und Drahtwerke GmbH & Co. of Germany, namely Gustav Wolf Specialty Cords Ltd., in which the Company holds 49% equity, and with EMTA group of Kolkata namely Dove Airlines Pvt. Ltd., in which the Company holds 50% equity, have done reasonably well in the year under review.

Bharat Minex Private Limited, another joint venture of the Company with BHP Minerals Holdings Pty Ltd. (a subsidiary of BHP Billiton Ltd.) of Australia in which both parties held 50% stake has been made a wholly owned subsidiary of the Company after BHP Billiton's decision to withdraw from this joint venture and selling entire holding to the Company.

Capital

During 2009-10, the Company successfully issued and allotted 5,45,00,000 equity shares of Re. 1 each at a price of Rs. 85.90 per equity share aggregating to Rs. 468.15 cr to qualified institutional buyers.

TPM and quality

After getting TPM Excellence Award, wire ropes and speciality products division received award for excellence in consistent TPM commitment, from the Japan Institute of Plant Maintenance [JIPM] during 2009-10. Now wire ropes and speciality products division plans to implement third phase of TPM Excellence Award.

Steel division of the Company, has already received excellence and consistency awards for total productive maintenance from JIPM.

Steel division and wire ropes and speciality products division continue to have certification for its quality management system being in accordance with ISO 9001 2000 from BVQI.

The operational excellence recognised by these awards and quality management systems have resulted in tangible improvement in quality, cost, delivery and safety, besides intangible benefits like motivation and empowerment amongst grass root levels.

Environment

All manufacturing plants of your Company are running in an eco-friendly manner and have a focus on workplace health and safety.

Steel and speciality products divisions continue to enjoy certification under ISO 14001 Environment Management Systems (EMS) standards from Det Norseke Veritas (DNV), of UK. The effectiveness of these systems is evident from reduced oil and water consumption, reuse of waste oils and water, utilisation of iron containing wastes and improved green cover in steel plant site.

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

Human resources

The Board of Directors expresses its appreciation for sincere efforts made by employees of your Company at all levels during 2009-10 and their cooperation in maintaining cordial relations.

Your Directors believe and affirm importance of development of human resources, which is most valuable and key element in bringing all round improvement and achieving growth of business.

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, 2010, there are unclaimed deposits of Rs.0.11 cr.

Corporate Governance

Your Company recognizes importance of good Corporate Governance as step for building stakeholders' confidence, improving investor protection and enhancing long-term enterprise value.

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.

Your Company has been complying with requirements of Clause 49 of Listing Agreement and has also 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 with interest of the Company at large.

A detailed report on Corporate Governance is annexed.

Directors

Mr. B .K. Jhawar, Mr. Brij K. Jhawar, Mr. A. K. Chaudhri and Mr. N. J. Jhaveri are retiring by rotation.

Mrs. Ramni Nirula, Dr. Vijay Sharma, Mr. P. K. Jain, Mr. G. N. Bajpai and Mr. N. Misra have been appointed as additional Directors on Board of the Company with effect from 14th January, 2010, 1st February, 2010, 1st February, 2010, 18th March, 2010 and 22nd March, 2010 respectively. They will hold office up to the date of ensuing Annual General Meeting.

With effect from 1st February, 2010, Dr. Vijay Sharma and Mr. P. K. Jain have also been appointed as Executive Director & Chief Executive (Steel Business) and Executive Director & Chief Executive (Wire & Wire Ropes Business) respectively. The shareholders approval is being sought in next annual general meeting for their appointment and remuneration payable to them from the respective dates of appointment. Pending shareholders approval, auditors have made a reference of the same in their report for the remuneration accounted for in accounts for year ended 31st March, 2010.

Mr. U. V. Rao who retired by rotation in last annual general meeting did not seek re-election. Mr. Suresh Neotia resigned from Board during the year. Your Directors place on record their warm appreciation for contributions made by them in progress and growth of the Company.

In the last annual general meeting, shareholders have approved payment of commission to Mr. Prashant Jhawar, a Non Executive Director and the then Vice Chairman of the Company @ 1.5% of net profits of the Company for each of five financial years commencing from 1st April, 2008 subject to approval of Central Government. Central Government, in the meantime has approved such payment for a period of 2 years up to financial year 2009-10. In view of his significant contribution, your Directors propose to continue to pay commission @ 1.5% of net profits (computed as per section 198/349 of the Companies Act) to Mr. Prashant Jhawar for a further period of five financial years commencing from 1st April 2010. Accordingly, your approval is being sought to this effect and requisite application will be made to the Central Government thereafter.

On 10th May, 2010, Mr. B. K. Jhawar stepped down as Chairman of the Company. The Board of Directors appointed Mr. Prashant Jhawar, vice Chairman and Non-Executive Director of the Company as Chairman of the Board and the Company in his place, in non-executive capacity. The Board places on record its huge appreciation for contribution of Mr. B. K. Jhawar as Chairman. The Board decided to designate him as Chairman

Emeritus. He would, however, continue to remain on Board as Non-Executive Director. He will also be heading the Business Strategy Committee of the Board.

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, 2010 and proper explanations have been furnished relating to material departures;

ii) The accounting policies have been selected and applied consistently and reasonably and prudent judgments and estimates have been made so as to give a true and fair view of state of affairs of the Company at end of financial year and of profit of the Company for year under review;

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

iv) The annual accounts for financial year ended 31st March 2010 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 2010.

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.

Cost auditors

The Board of Directors appointed M/s S. Gupta & Co., Cost Accountants, to conduct cost audit for steel division, wire rope and speciality products division, for financial years 2008-09 and 2009-10. The Company received approvals for same from the central government. The Board approved cost audit reports for financial year 2008-09 for these divisions and same were submitted to the central government.

Further, the Board appointed M/s. Guha, Ghosh, Kar & Associates, as cost auditors of the Company for financial year 2010-11. The requisite application was made to the central government.

Energy conservation

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

Corporate social responsibility

Your Company continued taking fresh initiatives in terms of Corporate Social Responsibility and made considerable progress in integrating its operations with developing sustainable income generation of communities around its operations.

During the year Krishi Gram Vikas Kendra took fresh initiatives in primary education in partnership with IL&FS Education and Technology Services Ltd, in three schools. It further developed the concept of low cost high quality learning by piloting four of its own child-centered schools in rural Jharkhand under the brand name KGVK Gurukul.

KGVK organises training programs for various initiatives undertaken by it including natural resource management, dairy, agriculture, livelihood, trade facilitation, healthcare and education.

During 2009-10, a new tie-up was established with 'Jharcraft' – a Government of Jharkhand undertaking which looks at the development of handlooms, handicraft and silk industry.

KGVK is currently implementing projects in partnership with many prestigious institutions like The Energy Research Institute (TERI), NABARD, Department of Science and Technology, Government of India and Government of Jharkhand.

The Directors of your Company express their profound appreciation to all agencies, institutions, government authorities and its employees for supporting KGVK's initiatives.

Awards and Recognition

During the year under review, Usha Martin Singapore Pte Limited was certified a Singapore 1000 Company by DP Information Group, a body approved by Government of Singapore.

Appreciation

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

On behalf of the Board of Directors

Place: Kolkata	**B. K. Jhawar**	**P. Jhawar**
Date: 10th May, 2010	*Chairman Emeritus*	*Chairman*

Management Discussion **and Analysis**

Economic overview

After a sharp, broad and synchronised global downturn in late 2008 and early 2009, few countries registered positive quarterly economic growth. Global growth is expected to rebound from a negative territory in 2009 to stability in 2010 and 2011. The Indian economy recovered following a prompt fiscal stimulus and monetary easing, an improving global economic environment and increased capital inflow.

Company overview

Usha Martin Limited ('the Company') is a Rs. 3600 cr conglomerate with a global presence in Europe, Southeast Asia, Middle East and the US. The Company is the largest in India and one of the top five steel wire rope manufacturers in the world. Its business comprises manufacture of steel, wire, strands and wire ropes with backward integration into captive mineral resources and forward integration into global warehousing, distribution and services on end-use of wire ropes.

Business segment

Steel and mining business

Steel business accounted for 56.4% of the Company's gross activity level and 43.6% of its reported turnover in 2009-10, on stand alone basis. This business, as a whole, achieved a turnover of Rs.1320.54 cr in the year under review, as against Rs.1574.79 cr in the previous year, lower by 16.1%.

Usha Alloys & Steels Division [UASD] recorded a turnover of Rs.1196.39 cr against Rs.1448.40 cr in the previous year, lower by 17.2%.

The export turnover of the steel business was Rs.153.87 cr during the year under review against Rs.181.31 cr in 2008-09. During the year under review, inter-divisional transfers for captive use declined to Rs.593.74 cr as against Rs.778.12 cr in 2008-09.

The Construction Steel Division at Agra achieved a turnover of Rs. 145.16 cr during the year under review as against Rs. 172.68 cr in the previous year.

Business overview

Steel is infrastructure's backbone and an essential input in the manufacture of consumer durables and household necessities. India's robust economic growth reflected in over 8% GDP growth across much of the first decade of the new millennium, emphasising the country's position as one of the fastest growing economy. This pace is expected to accelerate owing to prudent government policies and allocations, catalysing steel demand over the coming years.

Usha Martin Limited is a steel boutique engaged in the manufacture of special steels used in niche products with customized applications. The Company's speciality steel making facilities in Jamshedpur and Agra offer a product basket comprising pig iron, DRI, billets, blooms, wire rods, bars and rolled products of various dimensions and grades.

The Company is among few steel manufacturers in India, integrated completely to metallics. The Company possesses iron ore and thermal coal mines at Barajamda and Daltonganj respectively, reducing its dependence on external sources. However, the Company continues to import coke and/or coking coal to meet its requirements.

Products and applications

The Company's steel division manufactures steel wire rods, bars, billets, pig iron and allied products. The Company provides customers with a product portfolio ranging from 5 mm to 160 mm.

The Company's steel products are reputed for their consistently high quality. Over the years, the division received awards for excellence and consistency related to total productive maintenance from Japan Institute of Plant Maintenance (JIPM). The Company's steel, wire rope and speciality product divisions continue to be certified for their respective quality management systems as per ISO 9000 and T.S. 16949 from BVQI.

In addition to India, the Company enjoys a significant international presence, a bulk of the exports concentrated around ASEAN and the Middle East. Nearly 54% of the sales are made within the Company to feed downstream production lines (domestic and abroad), whereas 46% of sales are made to third parties. The strength of the Company's business model is derived from its ability to consume a significant part of its steel production for the onward manufacture of wire, wire ropes, bright bars and other products.

Key business initiatives

- Focused on commissioning and stabilising newly commissioned projects,
- Installed a 30 MW power plant in Jamshedpur for captive consumption, reducing costs,
- Commissioned two new DRI plants (combined capacity 0.2 lac tonnes),
- Commissioned a new 0.6 mtpa Steel Melt Shop III (SMS III),
- Established a blooming mill (capacity 0.275 mtpa), increasing the focus on larger and heavier steel products (up to 150 mm diameter) used by the commercial vehicles segment,
- Commissioned balancing facilities-modernisation of coal handling units and a third internal line in Jamshedpur-to support capacity expansion, and
- Commissioned non coking coal mine from the last quarter of 2009-10 to produce B-grade coal (5700 cal) used in power and DRI plants, reducing cost and enhancing quality.

Wire ropes and speciality products business

On stand alone basis, the wire ropes and speciality products business accounted for 43.6% of gross activity level and 56.4% of the reported turnover of the Company, generating a turnover of Rs.1052.94 cr as against Rs.1191.05 cr in the previous year, lower by 11.6%. The export turnover of this business stood at Rs.319.94 cr during year under review as against Rs.478.05 cr in the previous year.

Overview

The Company is the largest in India and one of top wire rope manufacturers in the world. Besides wire ropes, the Company enjoys leadership in a range of products such as wires, conveyor cords, strands (including LRPC strands), among others.

A continued slowdown in the domestic and international markets has affected the Company's wire and wire ropes business. However, the Company continues to invest in special rope manufacturing to gear up for economic recovery.

Product and product applications

Wires	Wire ropes	Strands	Conveyer cords
Needle wires	Oil rigs	Power transmission	Mining
Watch springs	Cranes	Bridge, Flyovers, Buildings (LRPC)	Other heavy industries
Automobile components	Elevators	Fishing ropes	
	Mines		
	Shipping		
	Ropeways		
	Bridges		
	Other construction purpose		

The Company recognises that it is present in a business that protects lives and property. This realisation is reflected in the Company's accreditation, which ensures high process and product quality. This commitment was further endorsed by the TPM Excellence Award. The wire ropes and speciality products division received an award for Excellence in consistent TPM Commitment from Japan Institute of Plant Maintenance in 2009-10. The wire ropes and speciality products division plans to implement the third phase of the TPM Excellence Award.

The steel division and wire ropes and speciality products divisions continue to be certified for its' quality management systems in accordance with ISO 9001: 2000 from BVQI. The operational excellence, recognised by these awards and quality management systems, resulted in a tangible improvement in quality, cost, delivery and safety, besides intangible benefits like motivation and workers' empowerment.

The Company has a mix of domestic and international revenues. The former is addressed by a vast distribution network and contributes around 70% of the business, while the rest is drawn from direct sales to leading Indian organisations. The Company's national footprint is supported by dealers and warehouses.

Key business initiatives

- Strengthened the dealer network to expand its pan-India reach,
- Increased equipment availability through multiple measures: accurate production planning reduced the size-changing time and preventive maintenance based on the machine health-card concept uptime,
- Tied up distribution with a major U.S elevator rope distributor,
- Added machines (for wire drawing and rope making) to strengthen the manufacture of high-value products,
- Altered its focus from cost reduction to cost management, and
- Planned to set up 2 x 10 MW captive power plants in Ranchi, expected to be commissioned in the later part of the current financial year.

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 29.5% of its consolidated gross activity level. The Company weathered the slowdown by pursuing sales of special products and growing its presence in new markets.

Gross level of activities of overseas subsidiaries has declined 22.6% from Rs. 1,176.43 cr in 2008-09 to Rs. 910.32 cr in 2009-10.

Usha Martin International Limited [UMIL]

UMIL, a wholly-owned subsidiary of the Company, enjoys a presence in the UK and Europe through wholly-owned subsidiaries:

a) Usha Martin UK Limited, which comprises manufacturing, distribution and end use solutions (wire ropes to offshore oil and gas sectors)

b) De Reuiter Staalkabel B.V, Netherlands, which has distribution facilities for wire ropes

The consolidated turnover of UMIL was GBP 49.4 million in 2009-10 as against GBP 56.1 million in 2008-09. UMIL reported a consolidated net profit of GBP 3.2 million as against GBP 2.9 million in the previous year. Usha Martin UK established a new facility for manufacturing compacted crane ropes of a higher diameter with a single reel weighing 40 MT. This facility will catalyse the growth of UMUK and deepen its niche market presence.

Usha Martin Americas Inc [UMAI]

During year under review, UMAI, a wholly-owned subsidiary of the Company, reported a turnover and profit after tax of US$19.3 million and US$1.2 million respectively as against US$22.8 million and US$0.8 million respectively in the previous year.

UMAI tied up with a major US elevator ropes distributor to distribute the product exclusively in that geography. Two representative offices were opened in North East Georgia and Los Angeles, which will increase our US presence and strengthen customer service.

Brunton Shaw Americas Inc, a wholly-owned subsidiary of the Company, was merged with UMAI during the year under review.

Brunton Wolf Wire Ropes FZCo [BWWR]

BWWR, in which the Company holds 60% equity (rest held by Gustav Wolf of Germany and associates), reported a turnover and profit after tax of AED 61.2 million and AED 5.2 million in 2009-10 as against AED 90.4 million and AED 5.6 million in the previous year.

BWWR has planned further capacity enhancement and new shed construction to capitalise on a depressed construction market and gear up for an impending economic recovery in the Middle East.

Usha Siam Steel Industries Public Company Limited [USSIL]

USSIL, in which the Company holds 97.85% of equity (by itself and through Usha Martin Singapore Pte Ltd.), achieved a turnover of Thai Baht 1492 million during year under review as against Baht 1968 million in the previous year. It reported a net profit of Baht 71 million as against Baht 69 million in the previous year. USSIL repaid long-term loan installments on schedule out of its operational earnings. During the year under review, USSIL increased its wire ropes capacity by 3600 MT/year.

Usha Martin Singapore Pte Limited [UMSPL]

UMSPL, a wholly-owned subsidiary of the Company, together with its wholly-owned subsidiaries (Usha Martin Australia Pty Limited, Usha Martin Vietnam Company Limited and PT Usha Martin Indonesia), achieved a consolidated turnover of S$47.1 million and net profit of S$3.8 million during the year under review as against S$75.3 million and S$9.9 million respectively in the previous year. The operations were adversely affected due to adverse business conditions in Southeast Asia.

UMSPL built a warehouse/office facility in Singapore, after it was allotted a plot of land by the Government of Singapore.

Cable business

The cable business under UM Cables Ltd (UMCL), a wholly-owned Indian subsidiary of the Company, achieved a gross turnover of Rs. 140.24 cr against Rs. 237.66 cr in the previous year. The export turnover was Rs. 59.08 cr lower by 28.7 %. During the year under review, UMCL focused on cost reduction and increased efficiency. This resulted in a higher profit after tax of Rs. 5.09 cr as against Rs. 1.74 cr in the previous year.

During the year under review, UMCL redeemed its preference shares amounting to Rs. 3 cr.

Financial discussion

The Company follows an accounting policy where income and expenditure are recognised on an accrual basis (unless otherwise stated).

The year 2009-10 was a volatile one for the Company with its industry affected by the global economic slowdown. Consequently, on standalone basis, the Company's turnover declined 13%, affecting operational results. The net impact was that PBDIT decreased 14.9%, from Rs. 422.44 cr in 2008-09 to Rs. 359.49 cr in 2009-10; consequently, profit after tax declined 37.1%, from Rs. 146.56 cr to Rs. 92.20 cr.

Due to the commissioning of various projects during the year, capital employed increased 36% (from Rs. 1424.44 cr in 2008-09 to Rs. 1935.86 cr in 2009-10) and correspondingly, ROCE declined from 23.2% in 2008-09 to 15% in 2009-10.

Revenue analysis

On a standalone basis, the Company's revenues decreased 13% from Rs. 2127.23 cr. to Rs. 1850.39 cr in 2009-10, due to a reduction in realisations even though volumes increased. Following its regular practice, the Company transferred steel products to its wire rope and speciality product segments at prevailing market prices.

Revenue by region

During the year under review, export sales declined from 28.6% of revenue in 2008-09 to 24.2% in 2009-10, whereas domestic sales increased from 71.4% of revenues to 75.8% in 2009-10. This was on account of a stronger traction from the domestic market, a relatively slow recovery in the international markets (like the US, Europe and Southeast Asia) and strength of the INR against the US$.

Revenue by products

The Company's steel business accounted for 56.4% of gross level of activity (previous year 58.6%) and 43.6% of reported turnover (previous year 45.0%) in 2009-10 with an 88.4% domestic and 11.6% export component. On the other hand, the Company's wire ropes and speciality products business accounted for 43.6% of the gross level activity (previous year 41.4%) and 56.4% of reported turnover (previous year 55.0%) in 2009-10 (69.6% domestic and 30.4% export).

Margins

During the year under review, the Company achieved benefits of higher volume of production and use of superior grades of thermal coal from its own coal mine for part of the year, resulting in cost efficiency in DRI production. However, the Company had to use more cold charge, affecting the cost of production. These, coupled with lower market prices of finished products, reduced its gross profit margins to 19.4% from 19.9% in 2008-09.

Borrowings

On a stand alone basis, the Company possessed total debt of Rs. 1560.91 cr (including Rs. 720.79 cr of capex liabilities) as on 31st March 2010 with about 45% being in foreign currency. The Company repaid long-term loans by Rs. 295.95 cr in 2009-10 and its exposure to short-term loans in 2009-10. The Company's debt-equity ratio was 1.04 as on 31st March 2010 compared with 2.03 as on 31st March 2009. The average cost of debt as on 31st March, 2010 was 6.7%. The vigilant treasury operations helped the Company maintain a lower cost of debt.

On a consolidated basis, the debt level remained at Rs. 1716.58 cr as on 31st March, 2010 with a debt equity ratio of 1.02 as against Rs. 2266.36 cr and 2.0 as on 31st March, 2009.

Net current assets

The gross operating current assets increased by Rs. 104.97 cr during the year. However, due to increase in level of current liabilities and provisions by Rs. 525.60 cr, overall net current assets have reduced to Rs. 132.32 cr as on 31st March, 2010 from Rs. 552.95 cr as on 31st March, 2009.

Capital expenditure

The Company implemented a structured capital expenditure programme in 2009-10, which increased steel, billet, LRPC and value-added product capacities. The Company invested Rs. 2120 cr in capital expenditure to drive volume growth, reduce costs and improve margins. Most of these projects were implemented in phases by March, 2010 except for mini-blast furnace, sinter plant and 20-MW captive power plants, which are expected to be commissioned during 2010-11.

The Company embarked on a new capex plan of Rs.1200 cr, aiming to strengthen its competitiveness by establishing captive facilities viz. a pellet plant, a coke oven plant, additional DRI and power plants and some balancing facilities in the steel and wire and wire rope divisions. The new capex plan is expected to be complete in 36 months.

Equity issue

In January 2010, the Company raised Rs.468.15 cr by issuing 5,45,00,000 equity shares of Re.1 each at a price of Rs.85.90 per share through the QIP process under the terms of approval of shareholders in the extra ordinary general meeting held on 7th December, 2009 and prevailing SEBI guidelines. The net proceeds were largely utilised to reduce the Company's debt.

Ratings

The Company has continued to achieve a higher rating of PR1+ for short-term bank facilities and other short-term funds by Credit Analysis & Research Limited [CARE]. Fitch Ratings India Pvt. Limited assigned A+ [ind] with stable outlook for long-term bank loans and facilities.

Relationships

The Company continued to enjoy excellent relationships with the lenders. It made all payments of loan and interest to banks and financial institutions within respective due dates without any delay.

Investors' services

The Company made presentations to investors four times during year under review. These presentations were placed on the Company's web site www.ushamartin.com.

The Company has investors' complaint redressal system in place. As on 31st March, 2010, there were no complaints outstanding.

The Company appealed to all shareholders and depositors who could not encash their dividends, interest and fixed deposits, to make claims with the Company before the same became due for deposit with the government. During the year, the Company deposited with the Investors Education & Protection Fund constituted by the Central Government Rs. 4.45 lacs, the matured dues remaining unpaid for seven years on account of dividend, debentures and fixed deposits including interest thereon.

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

TPM and quality

In view of UML's embedded business potential and competitive edge, the Company is further moving towards value-addition and an improved product mix strategically and systematically to serve demanding customers.

Internal control system and risk management

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

Human potential

UML is continuously engaged in upgrading the capabilities and competence of its employees through various employee development initiatives. It conducts regular management development programmes for its executives and also attitudinal development programmes for officers, staff and workmen. The

Usha Martin Training Institute, Jamshedpur, provides training to freshers and technical personnel. The other employee development initiatives include on-the-job-training, leadership training, work effectiveness training through seminars and workshops as well as competency upgradation through job rotation and job enrichment. A comprehensive performance management system led to the identification of gaps coupled with the implementation of a strategic employee development plan to bridge the competence gap.

Corporate social responsibility

Usha Martin facilitates progress and prosperity in rural Jharkhand through Krishi Gram Vikas Kendra (KGVK), its corporate social responsibility arm.

Vision: To contribute towards achieving Millennium Development Goals in the areas of our operation

Mission: To promote among the people of rural Jharkhand, sustainable integrated development through partnerships and the concept of Total Village Management that makes a real difference in their lives, creating ownership and igniting initiative and innovation

Values: Integrity, equity, transparency, compassion and commitment.

KGVK, Jharkhand: KGVK's operations are spread across 350 villages, benefiting 50,000 households in five Jharkhand districts. The organisation reported total receipts of Rs. 11 cr in 2009-10. Its activities covered the following:

It intends to expand continuously, build partnerships with diverse players in the development sector and invest Rs. 12 cr in 2010-11.

KGVK initiatives in mining areas

- **KGVK, Palamu:** Last year's activities covered operating health centres, free eye and dental camps, ambulance facility, safe drinking water and irrigation sources, launch of a KGVK Gurukul school, support to several state schools and non-farm livelihood training like gas welding and silk reeling in nine villages of the Patan block in Palamu district.
- **KGVK, Saranda:** Last year's activities in 14 villages in Barajamda covered operating health centres, agro-nursery for different forest species, safe drinking water and irrigation sources, support to several state schools and non-farm livelihood training like candle making and mosquito net making.

Partnerships

KGVK partnered with prestigious institutions like ICEF, IFC, IRH, Georgetown (USA), Johns Hopkins University (USA), OXFAM, IntraHealth International Inc., Austrian Development Agency (ADA), Government of Jharkhand, ICICI Bank, SIDBI, CEDPA, CARE, National Foundation for India, CINI, Goal India, CAPART, Sir Ratan Tata Trust, Som Dutt Foundation, Partners-In-Change and Government of India, among others. These partnerships helped draw specific competencies and effectiveness. Various members of Parliament contributed to KGVK hospitals out of their MP Local Area Development funds. Partnerships were conducted with Jharcraft, Ministry of Land Resources (GOI), The Energy Research Institute (TERI), NABARD and Department of Science and Technology.

Our CSR initiatives are different because…

- they are integrated with a sequential approach
- they revolve around the concept of Total Village Management rather than piecemeal interventions
- they fuse management concepts like 5S, PDCA and Quality Circles in with CSR engagement

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, 2010

1. Conservation of Energy
   a. Energy conservation measures taken:

      Waste Heat Recovery: -
      i. Use of surplus Blast Furnace Gas in V.D.Boilers in place of liquid fuels.
      ii. Use of BF Gas in Walking Beam Furnace in WRM reducing oil consumption.

      Heat Utilisation Efficiency: -
      i. Blowing of Carbon/Oxygen, through sonic sidewall lancing mechanism at Electric Arc Furnace, resulting in lower power consumption.
      ii. Optimising use of available 'bell' heat resulting in reduction of cycle time in annealing furnace.
      iii. Improved heat recovery by installing new Recuperator with modified design at rolling mill heating furnace.
      iv. Establishing "hot charging" in to the re-heating furnace prior to rolling leading to saving in fuel consumption.

      Electrical Energy Saving: -
      i. Replacing heavier metallic blades by lighter FRP blades & hollow hub for cooling tower fans.
      ii. Lighting control has been automated through timer switch.
      iii. Installed water flow meter for monitoring & judicious utilisation of water thereby reducing pumping requirement.
      iv. Automation in motor control of steam exhaust fan when caster is in cast mode and optimise & reduce running time.
      v. Replacement of cooling conveyors DC drives with AC drives in Rolling Mill improving process efficiency.
      vi. Motor attached to VT pumps in Caster 1 & 2 at SMS has been interlocked with sump water level to reduce running hour of motor.
      vii. Cooling tower fan operation at CPP has been interlocked with water temperature at CPPs resulting in saving of power.
      viii. Variable Frequency Drives (VFD) have been installed in various blowers in the Wire Rod Mill and also in ID Fans and Vibro Feeder in Captive Power Plants.
      ix. Static Var Compensator (SVC) has been installed on main power distribution system for Power Factor improvement in Steel Melting Shop. Capacitor bank has been installed on all three waste heat recovery boiler of DRI resulting in improved quality and conservation of power.

   b. **Additional investments and proposals, if any, being implemented for reduction of consumption of energy :**
      i. Company is in expansion mode including installation of Sinter Plant, Blast Furnace-2 and DRI-4. The waste gas generated at Blast furnace will be used as fuel in Blooming Mill, Sinter plant, Stoves, PCI and WHRB-4. This will result in saving of fuel. Increasing percentage of hot metal in charge mix in SMS-3 will further reduce energy requirement for steel making.
      ii. Retrofitting of lighting saver in lighting loads and AC saver to reduce power consumption.
      iii. Various steps are being taken in SMS to reduce power consumption through process modifications.
      iv. Comprehensive Energy Audit has been carried out by Bureau of Energy Efficiency accredited Energy Auditor Agencies and action plan for energy conservation has been drawn up and is being implemented in phases.

      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, Defense and railways including rolling and further processing
            - Product size range of hot rolled bars increased

from 5 –75 mm to 5 – 125 mm in round and square sections.

- Development of micro alloy steel with boron, vanadium, niobium, chromium, etc.

ii) Development of steel products with improved surface integrity.

iii) Production of cleaner steel with low residual.

iv) Production of high tensile and high carbon grades with improved micro-structure suitable for production of high tensile wire processed through higher speed of drawing with improved productivity.

v) Mining & Processing of Iron Ore from captive mines having 62% Fe and productive utilisation of the same in Blast Furnace & DRI plants. A detailed study was also conducted jointly with Institute of Mineral & Materials Technology, Bhubaneswar.

vi) Better utilisation of steel plant waste like blast furnace slag, fly ash, coal & coke fines and char from DRI plants.

vii) Further strengthening of Anchor Mooring Ropes to achieve highest breaking load per unit steel content within the rope.

viii) Enhancement of capability of producing higher diameter compacted wire ropes.

ix) Development of Plastic Valley Filled Ropes for overseas market for use in mining equipments like Sovels and Draglines.

x) Development of new cost effective process for producing galvanised LRPC strand which finds extensive use in structural projects. This has been done with a view to increase productivity and reduce product cost without diluting essential quality parameters.

xi) Development of transparent PVC coated, see through, wire rope for railway signaling purposes.

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) Microalloyed steel developed has higher strength to weight ratio enabling production of wire ropes with increased load carrying capacity, higher product cycle life, etc.

iii) Steel products with improved surface integrity has resulted in reduction of internal & external rejections and thus reduce wastages in production of downstream products like bright bar and improve overall yield.

iv) Cleaner steel development has enabled manufacturing products having higher field life specifically with improved fatigue properties.

v) Higher productivity and reduction of processing cost during wire drawing.

vi) Efficient and productive utilisation of 62% Fe iron Ore through conventional DRI & BF plants

vii) Expansion of product range resulting in enlarged market share of Wire Rope.

viii) Improvement in product performance of wire rope to reduce product life cycle cost.

ix) Wire ropes with higher strength per unit weight resulting in reduction of installation/operating costs.

x) Introduction of new & improved products to stay ahead of competition and technology driven obsolescence.

xi) Increase in the consistency & reliability of our products.

c) Future plan of action :

i) To increase our capability & volume of compacted and plasticated crane, fishing and mining ropes, which are slowly becoming the main product replacing historically used standard products.

ii) To further enhance the performance and expand the market share of special wire ropes used in crane, fishing, open cast mines and onshore/offshore oil drilling industries.

iii) To expand the product range in rolled product to meet various special steel end applications.

iv) Development of steel for passenger cars and medium/heavy commercial vehicles and work closely with automobile companies to support them to achieve stricter environment and efficiency norms.

v) Utilise Sinter Plant to reuse various iron and carbon bearing discards from steel plant like FluDust from FE system, Mill Scale from heating furnace, metal bearing grinding dust, coal/coke fines, lime fines, etc.

vi) To institute cost reduction measures through metallic cost and energy cost reduction to become cost effective in the domestic as well as international market.

vii) Process modification and improvement aimed towards reduction of cost and improvement of product quality consistency in line with international standards.

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

i)	Capital	-	10.22
ii)	Recurring	-	50.01
iii)	Percentage of total turnover	-	0.03

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

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

- Bloom casting through continuous casting machine (Jumbo Caster) for production of special grade alloy steel and carbon steel. Caster standardised and taken into commercial production.
- Continuous wire rod mill speed increased by 30% through innovative modification. New technology has been absorbed in totality.
- Kiln life for manufacturing of DRI increased by 50% by modifying refractory of hot zones, controlling iron ore and coal quality and fine tuning of process parameters.
- Static Variable Condenser (SBC) of 140 MVAR installed in the main power distribution system of 33 KVA line for improving power factor of steel melting shop specifically while operating electric arc furnace (EAF).
- Installation and stabilisation of high-speed low relaxation pre-stressed concrete line for production of LRPC strand.
- Installation and stabilisation of continuous cold drawing machine for production of bars from wire rod coils through online de-scaling system and online surface quality evaluating system.

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

a) Initiation of approvals from various OEM for supply of bars (including bright bars) for the forging & machining industry .

b) Recognition of the Company across the globe as an alloy steel producer in addition to being a world leader of Steel Wire Ropes.

c) Metallurgical preparedness for the future business of alloy & specialty steel.

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

3. **Foreign Exchange earnings and outgo**

i) Activities relating to exports, initiatives taken to increase exports, development of new export markets 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	46,313.53
Foreign exchange used	37,102.76

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, 2010	31st March, 2009
1) Electricity		
a) Purchased		
Units (Thousand KWH)	122,293	118.334
Total amount (Rs.in Lacs)	5,952	5,582
Average Rate/Unit (Rs./KWH)	4.87	4.72

	31st March, 2010	31st March, 2009
b) Own Generation		
i) Through Diesel Generator		
Units (Thousand KWH)	4,487	2,648
Units per ltr. of Diesel Oil (KWH)	3.10	3.14
Average Cost/Unit (Rs./KWH)	10.05	9.82
ii) Through Coal based Power Plant		
Units (Thousand KWH)	439,855	300,211
Units per kg. of Coal	1.16	1.16
Average Cost/Unit (Rs./KWH)	1.84	1.29
iii) Through Steam Turbine/Generator		
Units (Thousand KWH)	17,929	25,238
Units per ltr. of Fuel Oil	123.22	138.52
Average Cost/Unit (Rs./KWH)	0.30	0.21
iv) Through Natural Gas		
Units (Thousand KWH)	-	-
Units per CuM. of Natural Gas	–	–
Average Cost/Unit (Rs./CuM)	–	–

	31st March, 2010			31st March, 2009		
	Process	Power		Process	Power	
2) Coal (Specify Quantity & Where Used)						
(Grade 'A','B','C' 'D' & 'E')						
Quantity (M.T.)	338,781	468,679	807,460	167,495	258,380	425,875
Total Cost (Rs.in Lacs)			16,138			8,490
Avg. Rate (Rs./Tonne)			1,998.61			1,993.64
3) Furnace Oil						
Quantity (Kilo Ltrs.)			20,324			10,891
Total Cost (Rs.in Lacs)			5,176			2,998
Avg. Rate (Rs./Litre)			25.47			27.53
4) Light Diesel Oil						
Quantity (Kilo. Ltrs.)			2,836			1,610
Total Cost (Rs.in Lacs)			1,029			598
Avg. Rate (Rs./Litre)			36.26			37.13
5) Propane/Butane						
Quantity (Tonne)			4,036			4,059
Total Cost (Rs.in Lacs)			1,552			1,741
Avg.Rate (Rs./Tonne)			38,439			42,890
6) Natural Gas						
Quantity (Thousand CuM)			2,413			2,362
Total Cost (Rs.in Lacs)			186			231
Avg.Rate (Rs./CuM)			7.71			9.76

B) Consumption Per Unit of Production

Particulars	Wire/Wire Ropes/ 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)	Own Power Generation (per kwh)
Electricity (Units)	503	191	814	167	87	123	226	–
	(521)	(191)	(581)	(139)	(81)	(115)	–	–
Furnace Oil (Litres)	0.031	30.688	8.662	–	–	–	151.429	–
	(2.556)	(28.234)	(4.837)	(0.223)	–	–	–	–
Light Diesel Oil (Litres)	2.265	0.876	3.391	2.368	3.118	–	3.746	–
	(2.686)	(0.036)	(2.760)	(0.277)	(0.204)	–	–	–
Propane/Butane (Tonnes)	0.023	–	–	–	–	–	–	–
	(0.024)	–	–	–	–	–	–	–
Natural Gas (Thousand CuM)	–	–	–	–	–	0.046	–	–
	–	–	–	–	–	(0.045)	–	–
Coal (Tonnes)	–	–	0.038	–	1.994	–	–	1.066
	–	–	(0.027)	(0.004)	(1.610)	–	–	(0.861)

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

On behalf of the Board of Directors

Place: Kolkata
Date: 10th May, 2010

B. K. Jhawar
Chairman Emeritus

P. Jhawar
Chairman

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, and forming part of the Directors' Report for the year ended 31st March, 2010.

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.2,400,000							
Jhawar Rajeev	45	Managing Director	39,386,512	B. Com (Hons)	25	1-Oct-97	Usha Martin Industries Limited (Since merged with the Company) Jt. Managing Director
Bhattacharya Dr. P.	64	Jt. Managing Director	22,599,553	B.E. (Mech), M. Tech (Design Engg) Phd (Solid Mechanics)	42	2-Feb-98	Essar Steels Limited Chief Operations Officer
Guha Som Nath	53	Chief Operating Officer (Steel Business)	4,881,455	B. Tech, M. Tech (Metallurgy)	29	1-Oct-97	Usha Martin Industries Limited (Since merged with the Company) Vice President (Technical)
Somani A. K.	56	Chief Financial Officer & Company Secretary	4,152,637	B. Com., C.A. C.S	31	3-Apr-90	Emami Paper Mills Vice President - Commercial
Basu D. J.	52	Sr.Vice President (Human Resources)	2,410,922	B.Sc,PGD in PM and IR	30	10-Apr-06	Lafarge (India) Ltd Vice President - Personnel
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 lees than Rs.200,000 per month.							
Sharma Dr. Vijay	55	Executive Director and Chief Executive (Steel Business)	3,781,705	B. Tech, M.Sc., PGD in BA Phd (Metallurgical Engineering)	33	6-Jan-10	JSW Steel Ltd Jt. Managing Director and Chief Executive Officer
Jain Pravin Kumar	56	Executive Director and Chief Executive (Wire and Wire Rope Business)	4,208,283	B.Tech, MBA	33	1-Sep-09	Brunton Wolf Wire Ropes,FZCO Managing Director
Somani Subhash	46	Sr Vice President (Strategic & Planning)	3,092,092	B. Com., C.A.	23	2-Jan-96	Fabworth (India) Limited Deputy General Manager-Commercial
Basak Arun	60	Sr. Vice President (Commercial & Shared Services)	2,600,024	B.E.(Mech)	39	24-Mar-87	GKW Ltd Asst. Project Manager
Gupta Sunil	49	Sr.Vice President (Commercial)	422,824	B. Com (H).C.A., C.W.A	23	28-Jan-10	Monnet Ispat & Energy Ltd Vice President - Commercial

Notes :

1) The terms of appointment of Managing Director, Joint Managing Director and Executive 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 Jhawar who is a relative of Mr. Brij K Jhawar, a Director of the Company.

On behalf of the Board of Directors

Place: Kolkata
Date: 10th May, 2010

B. K. Jhawar
Chairman Emeritus

P. Jhawar
Chairman

Report on Corporate **Governance**

A. COMPLIANCE WITH MANDATORY REQUIREMENTS

I. Company's philosophy on Corporate Governance

The Company's philosophy 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 comprises of one Non-Executive Chairman Emeritus, one Non-Executive Chairman, seven Independent Non-Executive Directors, one Non-Executive Director and four Executive Directors.

Composition of Board of Directors and other details are as under :

Name of Directors	Promoter/Executive/ Non Non-Executive/ Independent	As on 31st March, 2010			
		Number of other# Directorships held	Other committee ## positions held		Number 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	8	None	None	6,88,147
Mr. Brij K. Jhawar	Non-Executive, Promoter	1	None	None	1,24,865
Mr. R. Jhawar	Managing Director, Executive, Promoter	8	None	1	1,84,785
Dr. P. Bhattacharya	Joint Managing Director, Executive	4	1	1	–
Mr. N. J. Jhaveri	Independent, Non-Executive	11	3	7	2,96,500
Mr. A. K. Chaudhri	Independent, Non-Executive	None	None	None	–
Mr. A. Basu	Independent, Non-Executive	9	1	6	–
Mr. Salil Singhal (a)	Independent, Non-Executive	5	None	2	–
Mrs. Ramni Nirula (b)	Independent, Non-Executive	4	None	None	–
Mr. G. N. Bajpai (c)	Independent, Non-Executive	14	4	9	–
Mr. Nripendra Misra (d)	Independent, Non-Executive	None	None	None	–
Dr. Vijay Sharma (e)	Director, Executive	None	None	None	–
Mr. P. K. Jain (e)	Director, Executive	2	None	None	–

***** *At the Board Meeting held on 10th May, 2010, Mr. P. Jhawar was appointed as the "Chairman" and Mr. B. K. Jhawar was designated "Chairman Emeritus".***

 # Private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956, were not considered for this purpose.

Committees viz, Audit and Shareholders Grievance Committees were considered for this purpose.

At the last Annual General Meeting of the Company held on 29th July, 2009, Mr. U. V. Rao, retiring Director, did not opt for re-election. Further Mr. S. Neotia resigned from the Board of the Company w.e.f. 28th October, 2009.

a) Mr. Salil Singhal was appointed as an Additional Director w.e.f. from 12th May, 2009.

b) Mrs. Ramni Nirula was appointed as an Additional Director w.e.f. 14th January, 2010.

c) Mr. G. N. Bajpai was appointed as an Additional Director w.e.f. 18th March, 2010.

d) Mr. Nripendra Misra was appointed as an Additional Director w.e.f. 22nd March, 2010.

e) Dr. Vijay Sharma and Mr. P. K. Jain were appointed as Additional Directors w.e.f. 1st February, 2010.

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

All Independent Directors confirmed their 'independence' to the Board of the Company.

Annual declarations were 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 12th May, 2009, 29th July, 2009, 28th October, 2009, 12th November, 2009 and 14th January, 2010. Annual General Meeting [AGM] was held on 29th July, 2009.

Name of Directors	Board Meetings during year/ tenure		Attendance at last AGM
	Held	Attended	
Mr. B. K. Jhawar	5	5	Yes
Mr. Brij K. Jhawar	5	3	Yes
Mr. P. Jhawar	5	4	Yes
Mr. R. Jhawar	5	4	Yes
Dr. P. Bhattacharya	5	5	Yes
Mr. N. J. Jhaveri	5	4	Yes
Mr. U. V. Rao@	2	2	Yes
Mr. A. K. Chaudhri	5	5	Yes
Mr. S. Neotia@@	3	2	No
Mr. A. Basu	5	3	Yes
Mr. Salil Singhal [refer (a) above]	4	2	Yes
Ms. Ramni Nirula [refer (b) above]	1	1	–
Mr. G. N. Bajpai [refer (c) above]	–	–	–
Mr. Nripendra Misra [refer (d) above]	–	–	–
Dr. Vijay Sharma [refer (e) above]	–	–	–
Mr. P. K. Jain [refer (e) above]	–	–	–

@ ceased to be a Director with effect from 29th July, 2009.

@@ ceased to be a Director with effect from 28th October, 2009.

Code of Conduct

In pursuance of Clause 49 of the Listing Agreement, the Board approved the 'Code of Conduct for Board of Directors and Senior Management' and same was 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 approved 'Code of Conduct for Prevention of Insider Trading' (Code) and authorised the Audit Committee to implement and monitor various requirements as set out in the Code.

Five meetings of the Audit Committee were held during the year on 12th May, 2009, 28th July, 2009, 27th October, 2009, 14th January, 2010 and 24th February, 2010.

During 2009-10, the Audit Committee was reconstituted by inducting Mr. Salil Singhal, an Independent Director as a member of the Audit Committee to fill up the vacancy caused by cessation of Mr. U. V. Rao as Director and consequential cessation as a member of the Audit Committee. Composition of the Audit Committee and attendance during the year were as under:

			Number of meetings held	Number of meetings attended
Mr. N. J. Jhaveri	Chairman	Independent Non-Executive	5	5
Mr. A. K. Chaudhri	Member	Independent Non-Executive	5	5
Mr. Salil Singhal [w.e.f. 29th July, 2009]	Member	Independent Non-Executive	3	2
Mr. U. V. Rao [up to 29th July, 2009]	Member	Independent Non-Executive	2	2

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

The Managing Director, the Joint Managing Director, 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. N. J. Jhaveri, Chairman of the Audit Committee was present at the last Annual General Meeting to answer shareholders' queries.

IV. Remuneration Committee

The terms of appointment and remuneration of Executive Directors are reviewed by the Remuneration Committee keeping in view performance, industry practice and present compensation package, etc , and recommended for approval by the Board and shareholders. The remuneration to Non-Executive

Directors is decided by the Board.

The Remuneration Committee comprises three members namely Mr. A. K. Chaudhri (Chairman – Independent Non-Executive Director), Mr. P. Jhawar (Non-Executive Director) and Mr. Brij K. Jhawar (Non-Executive Director).

During 2009-10, the Remuneration Committee was reconstituted whereby Mr. A. K. Chaudhri was inducted as the Chairman of the Remuneration Committee in place of Mr. U. V. Rao.

The break-up of remuneration to Managing Director, Joint Managing Director and Executive Directors for the year 2009-10 is given below:

(Rs. in lacs)

Names	Mr. R. Jhawar	Dr. P. Bhattacharya	Dr. Vijay Sharma	Mr. P. K. Jain
Position	Managing Director	Joint Managing Director	Executive Director and Chief Executive (Steel Business)	Executive Director and Chief Executive (Wire and Wire Ropes Business)
Salary	32.40	29.70	14.25	10.00
Commission	300.83	150.41	-	-
Allowances	18.90	33.47	11.57	8.00
Contribution to provident fund, gratuity and superannuation funds	20.69	10.16	0.96	0.72
Perquisites	21.05	2.25	2.06	1.28
Total	**393.87**	**225.99**	**28.84**	**20.00**
Service contract	For a period from 19th May, 2008 to 18th May, 2013	For a period from 15th May, 2008 to 4th August, 2011	For a period from 1st February, 2010 to 31st January, 2015	For a period from 1st February, 2010 to 31st January, 2015
Notice period	6 months from either side	6 months from either side	1 month from either side	3 months from either side
Severance fees	6 months' salary in lieu of notice	6 months' salary in lieu of notice	1 month salary in lieu of notice	3 months' salary in lieu of notice

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

The remuneration of Dr. Vijay Sharma and Mr. P. K. Jain was reviewed and recommended by the Remuneration Committee on 1st February, 2010 to Board. The Directors of the Company by circulation on 1st February, 2010 approved the said appointments and the same is subject to the approval of the shareholders at the ensuing Annual General Meeting.

No stock options were given to any of the Directors.

The break-up of remuneration to Non-Executive Directors for the year 2009-10 is given below:

- Sitting fees - Rs. 2.65 lacs
- Commission (proposed) - Rs. 350.08 lacs

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

Considering contribution of Mr. Prashant Jhawar, the then Non-Executive Vice Chairman of the Company, the shareholders of the Company at the Annual General Meeting held on 29th July, 2009, approved payment of commission at 1.5% of net profits (computed as per Section 198(1) of the Companies Act 1956) to him and up to 1% of net profits to all other Non-Executive Directors in a manner as may be decided by the Board, every year for a period of five years from financial year 2008-09 onwards, subject to requisite approval of Central Government.

In line with the above, application was made to the Central Government, approval of which was received for a period of two years up to 31st March, 2010.

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

V. Shareholders Committees

a) Investors' Grievance Committee

During 2009-10, the Investors' Grievance Committee comprised of Mr. Brij K. Jhawar, a Non-Executive Director as the Chairman along with Mr. R. Jhawar and Dr. P. Bhattacharya, both Executive Directors, as members. The Committee met four times to review status and redressal of shareholders'/investors' complaints.

Status of complaints of shareholders/investors was as under:

Complaints pending as on 1st April, 2009	Nil
Number of complaints received during year ended 31st March, 2010	62
Number of complaints attended to/resolved during the year	62
Complaints pending as on 31st March, 2010	Nil

b) **Share Transfer Committee**

During 2009-10, the Share Transfer Committee comprised of Mr. P. Jhawar, Mr. R. Jhawar and Dr. P. Bhattacharya. The Committee generally meets every fortnight to decide on matters relating to issues including approval of transfer and transmission of securities, issue of duplicate certificates, etc.

The share transfers are processed on behalf of the Company by the Registrar and Transfer Agents viz. MCS Limited and are placed before the Committee for approval. The Committee met 22 times during 2009-10.

Number of share transfers pending for approval as on 31st March, 2010	Nil

Compliance officer:

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

VI. Annual General Meetings

Date	Type	Venue	Time	Number of special resolutions
29th July, 2009	AGM	Vidya Mandir, Kolkata	2.30 p.m.	1
30th July, 2008	AGM	Vidya Mandir, Kolkata	3.00 p.m.	-
25th July, 2007	AGM	Vidya Mandir, Kolkata	3.00 p.m.	3

There were no special resolutions put through postal ballot in the Annual General Meeting held on 29th July, 2009.

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

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

VII. Disclosures

- There were no materially significant related party transactions (i.e. transactions of the Company of material nature), in potential conflict with interests of the Company at large. Transactions with related parties are disclosed in Note 20 of Schedule 18 to the accounts in the 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.
- During the year, 5,45,00,000 equity shares were issued through qualified institution placement. Utilisation of issue proceeds are disclosed in Note 8 of Schedule 18 to the accounts in the Annual Report.
- Management's Discussion and Analysis is annexed to the Directors' Report to shareholders and forms part of the Annual Report.
- As per disclosures received from senior management personnel, there were no financial or commercial transactions entered into by the Company which may have a potential conflict with interests of the Company at large.
- All mandatory requirements were appropriately complied with and non-mandatory requirements are dealt with at the end of the Report.

VIII. Means of communications

a) In compliance with Clause 41 of Listing Agreement, the Company regularly intimates unaudited quarterly and audited annual financial results to stock exchanges immediately after they are taken on record by Board. The financial results were published in national English and vernacular daily newspapers viz. Business Standard / Economic Times and Dainik Statesman (local vernacular).

b) The financial results and official press releases are posted on the Company's website www.ushamartin.com. The quarterly financial results and other shareholder related information were posted on SEBI EDIFAR site also.

c) Presentations made to media, analysts, institutional investors and fund managers from time to time are posted on the Company's website.

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.

IX. General shareholders' information

a) **Date and venue of Annual General Meeting**

The 23rd Annual General Meeting of the Company was held on 29th July, 2009 at 2.30 p.m. at Vidya Mandir, 1 Moira Street, Kolkata 700017.	The date and venue of 24th Annual General Meeting of the Company will be intimated in due course.

b) Financial calendar

Financial year ended 31st March, 2010	Meetings held on	Next financial year ending 31st March, 2011	Meetings to be held on or before
First quarter results – June 2009	29th July, 2009	First quarter results– June 2010	31st July, 2010
Second quarter results – September 2009	28th October, 2009	Second quarter results – September 2010	31st October, 2010
Third quarter results – December 2009	14th January, 2010	Third quarter results – December 2010	31st January, 2011
Audited results for the year ended 31st March, 2010	10th May, 2010	Audited results for the year ended 31st March, 2011	31st May, 2011

c) Book closure dates

The share transfer books and register of members were closed from 20th July, 2009 to 29th July, 2009 (both days inclusive)	The book closure dates (for ensuing AGM) will be intimated in due course.

d) Dividend announcements

Dividend for the financial year 2008-09: Re. 1 per share (100%) on face value of Re 1 per share.	Dividend for the financial year 2009-10: Re. 1 per share (100%) (proposed) on face value of Re. 1 per share.
Dividend payment date: Dividend warrants were posted on 3rd August, 2009 after adoption of accounts by shareholders on 29th July, 2009.	Dividend payment date: Dividend warrants will be posted within seven days of adoption of accounts and declaration of dividend by shareholders.

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

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

National Stock Exchange of India Ltd. - USHAMART
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai 400051

Societe de la Bourse de Luxembourg
Societe Anonyme/R.C.B 6222
B.P. 165, L-2011 Luxembourg (For GDRs)

The listing fees for all above stock exchanges have been duly paid for financial year 2009–10.

GDRs are listed at Luxembourg Stock Exchange.

f) Market data of share prices – highs / lows and volumes

Stock	BSE (Rs.)		NSE (Rs.)		Volume		
Market	High	Low	High	Low	BSE	NSE	Total
2009							
April	41.25	27.40	41.30	27.05	23,55,021	37,46,726	61,01,747
May	63.70	34.00	63.90	34.10	24,79,952	54,30,906	79,10,858
June	62.00	47.50	62.50	46.45	74,83,021	1,28,69,406	2,03,52,427
July	54.80	37.55	54.70	37.55	27,11,919	87,80,698	1,14,92,617
August	58.40	44.25	58.50	44.55	80,23,104	1,15,41,456	1,95,64,560
September	80.30	53.00	80.25	53.05	2,08,26,441	3,95,30,997	6,03,57,438
October	78.30	59.50	78.25	59.00	65,10,511	1,58,17,167	2,23,27,678
November	79.40	60.00	79.50	59.00	37,51,054	77,82,758	1,15,33,812
December	84.40	70.65	84.35	70.20	78,88,893	1,62,09,977	2,40,98,870
2010							
January	93.00	75.65	93.10	75.60	1,08,66,154	2,62,41,836	3,71,07,990
February	90.10	76.50	90.00	70.00	46,87,321	84,53,841	1,31,41,162
March	103.00	87.05	103.00	87.00	71,78,438	1,71,67,618	2,43,46,056

g) Performance of the Company's share prices - Monthly closing share prices vis-à-vis monthly closing of BSE Sensex and monthly closing of Nifty

Months	Prices at BSE	Sensex	Prices at NSE	Nifty
2009				
April	34.95	11,403.25	35.00	3,473.95
May	54.80	14,625.25	55.00	4,448.95
June	49.95	14,493.84	50.00	4,291.10
July	50.75	15,670.31	50.60	4,636.45
August	54.30	15,666.64	54.25	4,662.10
September	67.40	17,126.84	67.50	5,083.95
October	63.05	15,896.28	62.70	4,711.70
November	72.90	16,296.22	72.95	5,032.70
December	80.75	17,464.81	80.05	5,201.05
2010				
January	81.10	16,357.96	80.90	4,882.05
February	86.45	16,429.55	86.75	4,922.30
March	101.05	17,527.77	101.60	5,249.10

h) Registrars and Transfer Agents (both for demat and physical form of shares)

The contact details of the registrars are as under:
M/s. MCS Limited
77/2A, Hazra Road
Kolkata 700029
Phone : 24767350-54, 24541892/3
Fax : 24541961/24747674
Email : mcscal@cal2.vsnl.net.in
Contact person : Mr. Alok Mukherjee, General Manager

i) Share Transfer System

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

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

j) Distribution of shareholding (as on 31st March, 2010)

Range (No. of shares)	Number of shareholders	%	Number of shares	%
1-100	22,218	46.83	12,82,270	0.42
101-500	18,999	40.05	49,91,763	1.64
501-1000	3,446	7.26	26,94,055	0.88
1001-5000	2,192	4.62	47,72,359	1.57
5001-10000	213	0.45	16,43,125	0.54
10001 and above	375	0.79	28,93,58,208	94.95
Total	47,443	100	30,47,41,780	100
Holding in physical form (included in above)	16,185	34.86	31,10,898	1.02

k) Pattern of shareholding (as on 31st March, 2010)

	Category	Number of shares	% of total shareholding
A.	Promoter holding	11,55,12,604	37.91
B.	Public holding		
	- Mutual fund	6,86,51,746	22.53
	- Financial institutions/banks	59,305	0.02
	- Insurance companies	1,92,13,281	6.30
	- Foreign institutional investors	6,46,98,658	21.23
	- Bodies corporate	1,14,26,204	3.75
	- Individuals	1,97,75,612	6.49
	Total [B]	18,38,24,806	60.32
C	GDRs	54,04,370	1.77
	Grand total [A + B + C]	30,47,41,780	100.00

l) Dematerialisation of shares and liquidity

As at 31st March, 2010, 98.98% of total equity shares were held in electronic form with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

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

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

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

As at 31st March, 2010, there were 54,04,370 GDRs outstanding, each representing one equity share of the Company.

n) Plants/Mines locations

Steel business	
UAS Division	Adityapur, Jamshedpur - 831001
Construction steel division-North	Nawalganj, Agra (U.P.) – 282006
Iron Ore mines	Barajamda, Jharkhand - 833221
Coal mines	Daltongunj, Jharkhand – 822101
Wire rope business	
Wire ropes and speciality products division	Tatisilwai, Ranchi – 835103
Wire and wire rope division - North	Hoshiarpur, Punjab – 146024
Machinery division	Bangalore – 560014
Speciality product division – South	Sri Perumbudur, Tamil Nadu - 602105

o) Address for correspondence

Usha Martin Limited
2A, Shakespeare Sarani
Kolkata 700071
Phone: 39800300, Fax: 39800400

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. Some of independent Non Executive Directors have completed tenure of more than nine years in aggregate considering their respective initial date of induction in the Board.

Remuneration Committee

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

Other items

The rest of the non-mandatory requirements such as, shareholder rights; training of board members; mechanism for evaluating Non-Executive Board Members; audit qualifications; and whistle blower policy will be implemented by the Company as and when required and/or deemed necessary by the Board.

Auditors' **Certificate**

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, 2010, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges 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 Agreements.

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

For PRICE WATERHOUSE
Firm Registration Number: 301112E
Chartered Accountants

(S.K. Deb)
Partner
Membership Number-13390

Kolkata
10th May, 2010

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 Code of Conduct for the year ended 31st March, 2010.

Kolkata
10th May, 2010

R. Jhawar
Managing Director

Persons constituting group coming within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969 include the following:

UMIL Share & Stock Broking Services Limited, Peterhouse Investments Limited, Usha Martin Ventures Limited, Usha Martin Finance Limited, Prajeev Investments Limited, Brij Investments Private Limited, Prashant Investments Limited, Peterhouse Investments India Limited, Kenwyn Overseas Ltd., UCT Properties Private Limited, Neutral Publishing House Limited, Usha Breco Limited, Usha Breco Realty Limited, Usha Communication Technology, BVI, Usha Martin Education & Solutions Limited, Bonsai Network (India) Private Limited.

Auditors' **Report**

To
The Members of
Usha Martin Limited

1. We have audited the attached Balance Sheet of **Usha Martin Limited** (the "Company") as at 31st March, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that:

i) a) The Company 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, except as indicated in Note 24(b) on Schedule 18, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

ii) a) The inventory (excluding stocks lying in customs bonded warehouse and with third parties) of the Company have 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 partly finished products (year end balance Rs. 261,448 thousand) of two Divisions which have been determined by the Management based on physical verification as at the year end.

The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii) a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the clauses (iii) (b), (iii) (c) and (iii) (d) of the paragraph 4 of the Order are not applicable.

b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the clauses (iii) (f) and

(iii) (g) of the paragraph 4 of the Order are not applicable.

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

v) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.

vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

vii) In our opinion, the Company's internal audit system (designed to cover all significant areas over a period of two years) is commensurate with the size of the company and nature of its business.

viii) We have broadly reviewed the books of account maintained by the Company in respect of certain products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

ix) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess 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 were no dues in respect of wealth-tax, service tax and cess as at 31st March, 2010 which have not been deposited on account of a dispute other than certain disputed income-tax, sales-tax, customs duty, and excise duty dues, in respect of which amounts involved and forum at which dispute is pending have been indicated in Note 25 on Schedule 18 to the Accounts.

x) The Company has no accumulated losses as at 31st March, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

xi) According to the records of the Company examined by us and the information and 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.

xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.

xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

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

xix) The Company has not issued during the year any secured debentures and does not have any carried forward balance in this regard.

xx) The Management has disclosed the end use of money raised by public issues (Refer Note 8 on Schedule18 to the Accounts) which has been verified by us.

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

4. Further to our comments in paragraph 3 above, we report that:

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

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

c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

e) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and subject to Note on Schedule 17 to the Accounts regarding managerial remuneration to the extent of Rs.4,884 thousand for which approval of Shareholders is yet to be obtained, give a true and fair view in conformity with the accounting principles generally accepted in India:

i. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010;

ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For PRICE WATERHOUSE
Firm Registration Number: 301112E
Chartered Accountants

(S.K. Deb)
Partner
Membership Number - 13390

Kolkata
10th May, 2010

Balance Sheet As at 31st March, 2010

(Rs. in Thousand)

	Schedule Reference	31st March, 2010		31st March, 2009	
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1	305,420		250,920	
Reserves and Surplus	2	14,691,498	14,996,918	9,911,836	10,162,756
Loan Funds	3				
Secured Loans			8,401,184		14,661,503
Net Deferred Tax Liability [Note 19 on Schedule 18]			1,691,017		1,221,053
			25,089,119		26,045,312
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		31,707,230		19,383,467	
Less: Depreciation		9,074,962		8,018,284	
Impairment Loss		140,835		140,835	
Net Block		22,491,433		11,224,348	
Capital Work-in-Progress		6,083,947	28,575,380	12,086,352	23,310,700
Investments	5		1,869,513		1,863,513
Current Assets, Loans and Advances					
Inventories	6	6,721,045		4,037,100	
Sundry Debtors	7	1,674,942		3,228,548	
Cash and Bank Balances	8	102,974		764,682	
Other Current Assets	9	338,620		239,621	
Loans and Advances	10	2,505,980		2,780,155	
		11,343,561		11,050,106	
Less:					
Current Liabilities and Provisions	11				
Liabilities		16,257,550		9,812,920	
Provisions		441,785		373,392	
		16,699,335		10,186,312	
Net Current Assets			(5,355,774)		863,794
Miscellaneous Expenditure					
(to the extent not written off or adjusted)					
Deferred Revenue Expenditure [Note 5 on Schedule 18]			-		7,305
			25,089,119		26,045,312
Notes on Accounts	18				

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

Schedules referred to above form an integral part of the Balance Sheet.

For PRICE WATERHOUSE
Firm Registration Number : 301112E
Chartered Accountants

(S. K. Deb)
Partner
Membership No. 13390

Kolkata
10th May, 2010

B. K. Jhawar
Chairman Emeritus

P. Jhawar
Chairman

R. Jhawar
Managing Director

Dr. P. Bhattacharya
Jt. Managing Director

A. K. Somani
Company Secretary

Profit and Loss Account For the year ended 31st March, 2010

(Rs. in Thousand)

	Schedule Reference	2009-10	2008-09
INCOME			
Turnover (Gross)		19,600,263	23,072,056
Less : Excise Duty		1,096,408	1,799,803
Turnover (Net)		18,503,855	21,272,253
Other Income	12	201,639	135,315
		18,705,494	**21,407,568**
EXPENDITURE			
Purchase of General Merchandise		59,486	35,489
Raw Materials Consumed	13	8,204,052	9,336,337
(Increase)/Decrease in Stock-in-Trade	14	(809,038)	(208,849)
Manufacturing, Selling and Administrative Expenses	15	7,820,703	8,150,137
Depreciation		1,072,517	850,402
Interest (Note 12 on Schedule 18)		1,130,336	1,233,483
Adjustments for Items Capitalised and Departmental Orders for own consumption		(164,597)	(129,843)
		17,313,459	**19,267,156**
Profit Before Taxation		**1,392,035**	**2,140,412**
Provision for Taxation	16	469,964	674,845
Profit After Taxation		**922,071**	**1,465,567**
Profit brought forward from Previous year		343,588	420,792
Profit Available For Appropriations		**1,265,659**	**1,886,359**
APPROPRIATIONS			
Transfer to General Reserve		500,000	1,250,000
Proposed Dividend on Equity Shares		304,742	250,242
Provision for Dividend Tax		49,708	42,529
Balance Carried to Balance Sheet		411,209	343,588
		1,265,659	**1,886,359**
Notes on Accounts	18		
Basic Earning per Equity Share of Re. 1 each - Rs.		3.53	5.86
Diluted Earning per Equity Share of Re. 1 each - Rs.		3.53	5.86
(Note 13 on Schedule 18)			

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

Schedules referred to above and Schedule 17 form an integral part of the Profit and Loss Account.

For PRICE WATERHOUSE
Firm Registration Number : 301112E
Chartered Accountants

(S. K. Deb)
Partner
Membership No. 13390

Kolkata
10th May, 2010

B. K. Jhawar
Chairman Emeritus

P. Jhawar
Chairman

R. Jhawar
Managing Director

Dr. P. Bhattacharya
Jt. Managing Director

A. K. Somani
Company Secretary

(Rs. in Thousand)

		31st March, 2010		31st March, 2009	
1 SHARE CAPITAL					
Authorised					
500,000,000	Equity Shares of Re.1 each		500,000		500,000
10,000,000	Redeemable Cumulative Preference Shares of Rs.50 each		500,000		500,000
			1,000,000		1,000,000
Issued, Subscribed and Paid–up					
304,741,780	(Previous Year 250,241,780) Equity Shares of Re. 1 each fully paid up [Notes below]	304,742		250,242	
	Add: Shares Forfeited	678	305,420	678	250,920
			305,420		250,920

Notes :

1. Out of the above Paid up Equity Shares –
   a) 5,404,370 (Previous Year 5,554,370) Equity Shares represent Global Depository Receipts (GDRs).
   b) 57,384,055 Equity Shares allotted in earlier years as fully paid up pursuant to the Schemes of Amalgamation without payment being received in cash.
2. During the year the Company has issued and allotted 54,500,000 Equity Shares of Re.1 each fully paid up at a premium of Rs.84.90 (Aggregating Offer Price of Rs.85.90 per share) per share to Qualified Institutional Buyers in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, ranking pari passu in all respect with the existing Equity Shares.

	As at 31st March, 2009	Additions during the year	Transfer during the year	As at 31st March, 2010
2 RESERVES AND SURPLUS				
Reserves				
Capital Reserve	371,861	–	–	371,861
Capital Redemption Reserve	228,500	–	–	228,500
Securities Premium Account	4,036,769	4,627,050(a)	104,908(b)	8,558,911
General Reserve	4,931,118	500,000	194,252(c)	5,236,866
Hedging Reserve Account	–	(115,849)(c)	–	(115,849)
	9,568,248	5,011,201	299,160	14,280,289
Surplus				
Profit and Loss Account	343,588	411,209	343,588	411,209
	9,911,836	5,422,410	642,748	14,691,498

a) Arising out of issue of Equity Shares at a premium to Qualified Institutional Buyers as indicated in Note 2 on Schedule 1.
b) Represents adjustments of Share Issue Expenses (Refer Schedule 15).
c) Refer Note 1(h) on Schedule 18.

	Security as per Notes below	31st March, 2010	31st March, 2009
3 LOANS			
Secured Loans			
Term Loans From -			
Financial Institution - Rupee Loan (Repaid during the year)		–	2,250,000
Banks			
Rupee Loans	1	2,520,000	3,521,583
Foreign Currency Loans	1	5,881,184	6,014,890
Working Capital Loans from Banks			
Rupee Loans (Refer Schedule 8 for Favourable balance per books at year end)	2	–	2,875,030
		8,401,184	14,661,503

Notes :

1. Term Loans from Banks are secured/to be 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.
2. 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.

(Rs. in Thousand)

4 FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				IMPAIRMENT LOSS			NET BLOCK	
	Cost as on 31st March, 2009	Additions during the year	Sales / Adjustments during the year	Cost as on 31st March, 2010	As on 31st March, 2009	For the year	On Items Sold / Adjusted during the year	Total up to 31st March, 2010	As on 31st March, 2009	Adjustments on item sold	As on 31st March, 2010	As on 31st March, 2010	As on 31st March, 2009
A. Tangible Assets													
Land and Site Development													
Freehold	672,369	124,413	–	796,782	–	–	–	–	–	–	–	796,782	672,369
Leasehold	185,873	7,883	–	193,756	11,300	2,308	–	13,608	–	–	–	180,148	174,573
Mining Lease and Development [Note (ii) below]	557,221	501,794	–	1,059,015	35,663	89,296	–	124,959	–	–	–	934,056	521,558
Buildings	2,486,714	290,306	–	2,777,020	630,026	75,524	–	705,550	–	–	–	2,071,470	1,856,688
Plant and Machinery	13,610,365	10,971,372	9,294	24,572,443	6,679,628	789,180	8,511	7,460,297	140,835	–	140,835	16,971,311	6,789,902
Railway Sidings	263,463	3,232	–	266,695	27,036	13,041	–	40,077	–	–	–	226,618	236,427
Electrical Installation	1,137,864	406,302	916	1,543,250	346,931	83,300	870	429,361	–	–	–	1,113,889	790,933
Water Treatment and Supply Plant	155,260	–	–	155,260	73,747	5,645	–	79,392	–	–	–	75,868	81,513
Office Equipment	91,141	21,686	3,282	109,545	66,496	2,985	1,984	67,497	–	–	–	42,048	24,645
Furniture and Fixtures	59,794	6,810	2,177	64,427	39,146	2,433	1,817	39,762	–	–	–	24,665	20,648
Vehicles	91,252	9,538	3,904	96,886	41,478	7,065	2,657	45,886	–	–	–	51,000	49,774
	19,311,316	**12,343,336**	**19,573**	**31,635,079**	**7,951,451**	**1,070,777**	**15,839**	**9,006,389**	**140,835**	**–**	**140,835**	**22,487,855**	**11,219,030**
B. Intangible Assets													
Computer Softwares (Acquired)	72,151	–	–	72,151	66,833	1,740	–	68,573	–	–	–	3,578	5,318
	19,383,467	**12,343,336**	**19,573**	**31,707,230**	**8,018,284**	**1,072,517**	**15,839**	**9,074,962**	**140,835**	**–**	**140,835**	**22,491,433**	**11,224,348**
Capital Work in Progress												6,083,947 [Note (iii) below]	12,086,352
Total	**19,383,467**	**12,343,336**	**19,573**	**31,707,230**	**8,018,284**	**1,072,517**	**15,839**	**9,074,962**	**140,835**	**–**	**140,835**	**28,575,380**	**23,310,700**
Previous Year	16,807,170	2,626,667	50,370	19,383,467	7,209,382	850,402	41,500	8,018,284	140,835	–	140,835		

Notes :

i) Land and Buildings include Rs.101,709 (Previous Year Rs.96,250) in respect of which Deed of Conveyance, Registration and other formalities are yet to be completed.

ii) Additions include Rs.106,103 (Previous Year Rs.106,103) towards provision for final mines closure expenditure pursuant to Rule 23 under Mineral Conservation and Development (Amendment Rules, 2003) as per Section 18 of the Mines and Minerals (Development and Regulation) Act, 1957. The depreciation for the current year includes Rs.17,739 (Previous Year Rs.1,384) on account of amortisation of the same.

iii) Capital Work in Progress includes Project Development Expenses Rs.96,607(Previous Year Rs.236,487).

(Rs. in Thousand)

	31st March, 2010	31st March, 2009
5 INVESTMENTS		
- At Cost or Under		
Long Term		
Unquoted		
Trade	199,367	164,367
Others	1,001	1,001
Subsidiary Companies	1,669,145	1,698,145
	1,869,513	1,863,513

Note :

Refer Note 10 on Schedule 18 for details.

6 INVENTORIES		
[Note 1(f) on Schedule 18]		
Stores and Spare Parts	471,518	435,550
Loose Tools	176,639	194,478
Raw Materials	2,059,897	862,904
Goods-in-Transit	592,747	35,166
Partly Finished Products	983,388	881,184
Stock-in-Trade @	2,436,856	1,627,818
	6,721,045	4,037,100

@ Comprises Finished Products, Scrap and General Merchandise.

7 SUNDRY DEBTORS		
Unsecured -		
Exceeding six months -		
Considered Good	86,630	124,602
Considered Doubtful	79,397	73,393
	166,027	197,995
Others -		
Considered Good	1,588,312	3,103,946
	1,754,339	3,301,941
Less : Provision for Doubtful Debts	79,397	73,393
	1,674,942	3,228,548

8 CASH AND BANK BALANCES		
Cash in hand (including Drafts and Cheques in hand – Rs.Nil ; Previous Year Rs. 2,513)	1,581	5,058
Remittances-in-Transit	35,206	–
Balance with Scheduled Banks on :		
Current Accounts	6,220	5,964
Unpaid Dividend Accounts	4,780	3,660
Fixed Deposit Accounts	200	750,000
Cash Credit Accounts (Refer Schedule 3)	54,987	–
	102,974	764,682

Schedules to **Accounts**

(Rs. in Thousand)

	31st March, 2010	31st March, 2009
9 OTHER CURRENT ASSETS		
Unsecured - Considered Good		
Unquoted - at Cost or under		
87,533, 6.6% Tax Free ARS Bonds of Rs. 100 each issued by the Administrator of the Specified Undertaking of the Unit Trust of India	–	8,753
[Under Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975] (Redeemed during the year)		
Miscellaneous Deposits	237,660	230,868
Derivative Assets	100,960	–
	338,620	239,621

	31st March, 2010	31st March, 2009
10 LOANS AND ADVANCES		
Unsecured-		
Considered Good (Unless indicated otherwise below)		
Advances recoverable in cash or in kind or for value to be received (including Rs.69,097 ; Previous Year Rs.67,919 considered doubtful)	1,842,193	2,165,943
Balance with Central Excise and Other Government Authorities	386,446	499,043
Loans/Advances to Subsidiaries	94,269	174,723
Accrued Interest	12,569	8,365
MAT Credit Entitlement	239,600	–
	2,575,077	2,848,074
Less : Provision for Doubtful Advances	69,097	67,919
	2,505,980	2,780,155

	31st March, 2010	31st March, 2009
11 CURRENT LIABILITIES AND PROVISIONS		
Liabilities		
Acceptances		
- Capital Items	7,207,927	5,950,892
- Others	5,182,625	1,178,512
Sundry Creditors		
Outstanding dues to -		
- Micro and Small Enterprises (Note 7 on Schedule 18)	6,768	6,472
- Others	3,028,023	2,340,458
Sundry Advances from Customers	172,888	196,332
Dues to Subsidiaries	44,152	6,418
Investors Education and Protection Fund shall be credited by the following amounts namely [Note below]		
Unclaimed Dividend	4,780	3,660
Unclaimed Matured Fixed Deposits	1,078	1,308
Unclaimed interest on above	579	734
Derivative Liabilities	515,959	–
Deposits	23,123	17,370
Interest accrued but not due on Loans	69,648	110,764
	16,257,550	9,812,920
Provisions		
Current Taxation (Net)	87,168	80,454
Fringe Benefit Tax	167	167
Proposed Dividend		
On Equity Shares	304,742	250,242
Tax thereon	49,708	42,529
	441,785	373,392
	16,699,335	10,186,312

Note : No amount is due at the balance sheet date for actual credit.

(Rs. in Thousand)

	2009-10	2008-09
12 OTHER INCOME		
Income from Long Term Investments - Trade		
- Dividend from subsidiary companies	37,915	14,670
Income from Current Investments - Other than Trade		
- Dividend	28,905	9,188
Provision for Doubtful Debts and Advances no longer required written back	611	6,123
Liabilities no longer required written back	76,941	54,465
Profit on Sale of Fixed Assets (Net)	547	2,497
Claims Received	1,374	4,564
Sale of Certified Emission Reduction (Carbon Credit)	38,573	41,259
Miscellaneous Income	16,773	2,549
	201,639	**135,315**

13 RAW MATERIALS CONSUMED		
Opening Stock		
Raw Materials	862,904	2,226,147
Partly Finished Products (including Cost of Conversion Rs.134,679; Previous Year Rs.90,726)	881,184	768,976
	1,744,088	2,995,123
Add : Purchases	9,503,249	8,085,302
	11,247,337	11,080,425
Deduct : Closing Stock		
Raw Materials	2,059,897	862,904
Partly Finished Products (including Cost of Conversion Rs.127,667; Previous Year Rs.134,679)	983,388	881,184
	8,204,052	**9,336,337**

14 (INCREASE)/DECREASE IN STOCK-IN-TRADE		
Opening Stock	1,627,818	1,418,969
Deduct : Closing Stock	2,436,856	1,627,818
	(809,038)	**(208,849)**

Schedules to **Accounts**

(Rs. in Thousand)

		2009-10		2008-09
15 MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES				
Salaries, Wages and Bonus (Net)		673,079		591,737
Contribution to Provident and Other Funds		111,185		88,934
Workmen and Staff Welfare Expenses (Net)		205,285		170,144
Consumption of Stores and Spare Parts		1,472,975		1,188,705
Power and Fuel		2,073,242		1,611,371
Repairs and Maintenance				
Buildings		93,425		76,266
Plant and Machinery		383,239		384,766
Others		12,588		12,800
Royalty		93,435		18,229
Rent		17,767		22,746
Hire Charges/Lease Rentals of Plant and Machinery		20,593		27,669
Rates and Taxes (including Wealth Tax of Rs.1,500 ; Previous Year Rs.1,000)		16,912		8,323
Insurance		16,823		13,993
Commission to Selling Agents		26,745		26,520
Freight, Transport and Delivery		1,204,749		1,257,910
Directors' Remuneration (excluding perquisites and contributions to Provident and Other Funds Rs.5,917; Previous Year Rs.4,426 included in other heads) - Schedule 17		96,226		136,577
Travelling Expenses (Net)		68,654		76,026
Processing Charges		273,975		291,520
Brokerage and Discount on Sales		268,433		273,641
Finance Charges		19,536		20,685
Exchange Loss / (Gain) (Net)		(516,362)		783,049
Loss on Derivative Contracts (Net)		89,059		–
Provisions for Doubtful Debts and Advances		17,862		46,194
Deferred Revenue Expenditure Written off		8,745		11,693
Bad Debts and Advances Written off	21,226		15,334	
Less : Write back of Provision for Doubtful Debts/ Advances	10,069	11,157	10,309	5,025
Share Issue Expenses	104,908		–	
Less : Adjusted against Securities Premium Account (Refer Schedule 2)	104,908	–	–	–
Excise Duty on Stocks, Replacements etc.		58,462		(7,492)
Material Handling Charges		732,662		619,767
Miscellaneous Expenses (Net)		270,252		393,339
		7,820,703		8,150,137

16 PROVISION FOR TAXATION		
Current Tax	–	910,000
(Net of MAT Credit Rs. 239,600 : Previous Year Rs. Nil)		
Deferred Tax Charge / (Release)	469,964	(246,655)
Fringe Benefit Tax	–	11,500
	469,964	674,845

(Rs. in Thousand)

		2009-10		2008-09
17 SCHEDULE OF COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTIONS 198/349 OF THE COMPANIES ACT, 1956 FOR THE PURPOSE OF DIRECTORS' REMUNERATION :				
Profit Before Taxation as per Profit and Loss Account		1,392,035		2,140,412
Add : Provision for Doubtful Debts, Advances	17,862		46,194	
Provision for Wealth Tax as per Accounts	1,500		1,000	
Fixed Assets written off	2,366	21,728	–	47,194
		1,413,763		2,187,606
Less: Profit on Sale of Fixed Assets	1,097		6,562	
Provision for Doubtful Debts/ Advances no longer required written back	611		6,123	
Write back of Provision for Doubtful Debts/ Advances	10,069	11,777	10,309	22,994
		1,401,986		2,164,612
Add : Directors' Remuneration		102,143		141,003
Net Profit under Section 198/349		**1,504,129**		**2,305,615**
DIRECTORS' REMUNERATION				
Mr. Rajeev Jhawar				
Salary	3,240		3,450	
Other Allowances	1,890		2,025	
Commission @ 2% on Rs. 1,504,129 (Previous Year Rs. 2,305,615)	30,083		46,112	
Contribution to Provident and Other Funds	2,069		1,219	
Perquisites	2,105	39,387	1,665	54,471
Dr. P. Bhattacharya				
Salary	2,970		3,163	
Other Allowances	3,347		3,559	
Commission @ 1% on Rs. 1,504,129 (Previous Year Rs. 2,305,615)	15,041		23,056	
Contribution to Provident and Other Funds	1,016		1,117	
Perquisites	225	22,599	425	31,320
Dr. Vijay Sharma (Note below)				
Salary	1,425		–	
Other Allowances	1,157		–	
Contribution to Provident and Other Funds	96		–	
Perquisites	206	2,884	–	–
Mr. P. K. Jain (Note below)				
Salary	1,000		–	
Other Allowances	800		–	
Contribution to Provident and Other Funds	72		–	
Perquisites	128	2,000	–	–
Non-Executive Directors				
Commission to:				
Mr. Prashant Jhawar @ 1.5% on Rs. 1,504,129 (Previous year Rs. 2,305,615)	22,562		34,584	
Other Directors @ 1% on Rs. 1,504,129 (Previous year Rs. 2,305,615)				
Rs. 15,041 (Previous year Rs. 23,056) limited to	12,446		20,328	
	35,008		54,912	
Meeting fees	265	35,273	300	55,212
		102,143		141,003

Note :

Appointment and Remuneration aggregating Rs.4,884 paid/payable to two Executive Directors of the Company, are subject to the approval of the Shareholders in the ensuing General Meeting.

Schedules to **Accounts**

18 NOTES ON ACCOUNTS *(Rs. in Thousand)*

1. **Significant Accounting Policies**

The Financial Statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable Accounting Standards prescribed under section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

a) **Fixed Assets**

Fixed Assets (comprising both tangible and intangible items) are stated at cost of acquisition, manufacture 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 and write up due to revaluation of assets are separately stated.

b) **Depreciation**

i) 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%

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.

ii) Leasehold Land is amortised over the tenure of respective leases.

iii) Mining Lease and Development is amortised over the tenure of lease or estimated useful life of the mine, whichever is shorter.

iv) No depreciation is provided on assets which are being used for trial run.

v) Certain Plants are considered to be continuous process plant based on technical evaluation.

c) **Capital work-in-progress**

These are stated at cost and inclusive of preoperative expenses, project development expenses pending allocation and assets-in-transit.

d) **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.

e) **Investments**

Current Investments i.e. investments which are expected to be liquidated within one year are treated as Current Assets and are valued at lower of cost and net realisable value. Long term investments are stated at cost or under and diminution in carrying amount, other than temporary, is written down/ provided for.

f) **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.

g) **Transactions in Foreign Currency**

Transactions in Foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the exchange rate prevailing on the balance sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of transactions. Exchange differences arising on settlement of transactions and/ or restatements are dealt with in the Profit and Loss Account.

h) **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.

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 income over the life of contracts.

Effective April 1, 2009 the Company adopted Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India to the extent the adoption does not contradict with existing Accounting Standards and other authoritative pronouncements of the Companies Act, 1956 of India and other regulatory requirements. Accordingly net shortfall arising on fair valuation of outstanding option contracts and interest rate swaps as on April 1, 2009 has been adjusted against general reserves following transitional provisions.

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

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 profit and loss account upon the occurrence of the hedged transactions. Consequently, mark to market loss in respect of the interest rate swaps which qualify for hedge accounting, have been recognised directly in the Hedging Reserve Account, to be recognised in the profit and loss account when the underlying transactions occur.

The Company recognises gains or losses from changes in fair values of option contracts and interest rate swaps that are not designated as cash flow hedges in the profit and loss account in the period in which they arise.

In the previous year, option contracts and interest rate swaps were marked to market at the balance sheet date and loss was recognised in the profit and loss account. Moreover, premium on option contracts were amortised over the life of contract. Had the previous year's accounting policy been followed, the profit for the year would have been lower by Rs.397,224 with a corresponding impact on period end net worth.

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

i) Revenue Recognition

Income and Expenditure are recognised on accrual basis unless otherwise stated.

Revenue is recognised on completion of sale of goods, rendering of services and use of the Company's resources by third parties. Sales are recorded net of trade discount, sales return, rebates and sales taxes but including excise duties and export incentives.

Dividend income on investments is accounted for when the right to receive the payment is established.

Interest income is recognised on a prudent basis where there is reasonable certainty as to realisation.

j) Employee Benefits

i) 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.

ii) 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, with actuarial valuations being carried out at each Balance sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Account 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. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

iii) Other Long-term Employment Benefits (unfunded)

The cost of providing long-term employee benefits is generally determined using Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Profit and Loss Account 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.

k) Borrowing Cost

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

l) Deferred Revenue Expenditure

Compensation under Voluntary Retirement Schemes is amortised over a period (not exceeding five years following the year in which it is incurred) over which the benefits are estimated to accrue.

m) 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.

n) Government Grants

Government grants of the nature of promoters' contribution are credited to Capital Reserve.

Schedules to **Accounts**

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

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 Profit and Loss Account over the periods necessary to match them with their related costs.

o) **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.

p) **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.

q) **Prior period and Extraordinary items and Changes in Accounting Policies**
Prior and extraordinary items and changes in Accounting Policies having material impact on the financial affairs of the Company are disclosed.

r) **Material events**
Material events occurring after the Balance Sheet date are taken into cognisance.

2. Outstanding Capital Commitments are estimated at Rs.1,214,365 (Net of advances) (Previous Year Rs. 2,468,874)

3. a) According to the usual practice, Electricity Charges are being accounted for on the basis of bills received. Any supplementary bill arising out of revision in the rates will be accounted for as and when such bills are received.
   b) Provision for Fuel Surcharge upto December, 2003 has been made as per interim order passed by the Hon'ble High Court of Patna.

4. **Research and Development Expenditure**

	For the year ended 31st March, 2010	For the year 31st March, 2009
Revenue	5,001	8,101
Capital	1,022	11,460

5. **Deferred Revenue Expenditure represents :**

	As at 31st March, 2010	As at 31st March, 2009
Compensation under Voluntary Retirement Scheme	–	7,305

6. **There are Contingent Liabilities in respect of :**
   a) Bills discounted with Banks Rs.1,073,915 (Previous Year Rs.615,535) including against Letter of Credit Rs.329,942 (Previous year Rs. 571,527)
   b) Bank Guarantees outstanding Rs. 341,697 (Previous Year Rs.197,287)
   c) Disputed income tax matter amounting to Rs.55,178 for which the company has preferred appeal before appropriate authorities.
   d) Demand for Sales Tax amounting to Rs. 7,963 (Previous Year Rs.2,374) for earlier years not acknowledged as debts and in respect of which the Company has preferred appeals before appropriate authorities.
   e) Demand for Excise Duty and Service Tax Rs.134,982 (Previous Year Rs.40,979) not acknowledged as debts and in respect of which the Company has preferred appeal before appropriate authorities.
   f) Demand for interest Rs. Nil (Previous Year Rs.11,434) for non-payment of Excise Duty on electricity raised by Bihar State Electricity Board not admitted and which is subjudice.
   g) Demand for Customs Duty Rs. 12,439 (Previous year Rs.12,229) not acknowledged as debts and in respect of which the Company had preferred appeal before appropriate authorities.
   h) Demand for Wealth Tax Rs.Nil (Previous Year Rs. 569).

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

i) Corporate Guarantees given by the Company to secure the financial assistance / accommodation extended to other Bodies Corporate amounting to Rs.659,318 (Previous Year Rs.947,907).

j) Claims against the Company not acknowledged as debts Rs. 75,974 (Previous Year Rs.51,122).

7. **Information relating to Micro and Small Enterprises (MSEs) :**

	As at 31st March, 2010	As at 31st March, 2009
i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the year		
Principal	6,768	6470
Interest	Nil	2
ii) The amount of interest accrued and remaining unpaid at the end of accounting year	Nil	2
	2009-10	**2008-09**
iii) The amount of interest paid by the buyer in terms of Section 16 to the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year		
Principal	111	2,203
Interest	3	274

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

8. Proceeds received upon issue of Equity Shares referred to in Note 2 on Schedule 1 amounting to Rs.4,681,550 have been eventually utilised during the year on an overall basis as set out below :

	2009-10	
Repayment of Long Term Debt	2,981,250	
Repayment of Short Term Debt	1,595,392	
Share Issue Expenses	104,908	
	4,681,550	

9. **Lease Commitments**

a) **Operating Lease commitments**

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

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

In respect of Lease B, 70% of lease rent and operation and maintenance charges will be escalated every quarter in the same proportion as increase in Wholesale Price Index published by 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 follows:

	Lease Rent		Operation and Maintenance Charges	
	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2009
Up to one year	89,442	80,790	29,607	27,025
More than one year and upto five years	356,315	356,315	117,646	117,646
More than five years	511,060	600,502	137,125	166,733

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

Schedules to **Accounts**

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Lease Rent	82,279	73,474
Operation and Maintenance Charges	27,813	24,112
Escalation Charges and Taxes	25,837	18,591
Total	**135,929**	**116,177**

b) The Company has entered into cancelable operating leases and transactions for leasing of accommodation for office spaces, employees residential accommodation etc. Tenure of leases generally vary between 1 and 3 years. Terms of the lease include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rentals aggregating Rs. 15,949 (Previous year Rs. 14,582) have been debited to the Profit and Loss Account.

10. Investments (At Cost or Under)

		31st March, 2010	31st March, 2009
Long Term			
Trade			
Unquoted			
Pengg Usha Martin Wires Private Limited (PUMWPL)			
10,800,000	(Previous Year 7,200,000) Equity Shares of Rs. 10/- each fully paid	108,000	72,000
3,600,000	Equity Shares acquired during the year (See Footnote iv)		
Pengg Usha Martin Wires Private Limited (PUMWPL)			
440,000	0.50% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid (See Footnote iv)	44,000	44,000
Gustav Wolf Speciality Cords Limited (GWSCL)-			
73,500	Equity Shares of Rs.10/- each fully paid (See Footnote iv)	7,350	7,350
Usha Communications Technology Ltd. BVI			
1,21,10,242	Ordinary Shares of USD 0.50 each fully paid	2,785	2,785
CCL Usha Martin Stressing Systems Limited (CCLUMSSL)			
473,195	Equity Shares of Rs.10/- each fully paid (See Footnote iv)	4,732	4,732
Dove Airlines Private Limited (DAPL)			
865,000	Equity Shares of Rs.10/- each fully paid (See Footnote iv)	32,500	32,500
Bharat Minex Pvt. Limited (BMPL)			
Nil	(Previous Year 100,000) Equity Shares of Rs.10/- each fully paid (See Footnote v)	–	1,000
Others			
Unquoted			
Adityapur Toll Bridge Company Limited -			
100,000	Equity Shares of Rs.10/- each fully paid	1,000	1,000
UMI Special Steel Limited (under liquidation)			
1,80,68,472	Equity Shares of Rs.10/- each fully paid	1	1
Investments in Subsidiary Companies -			
Unquoted			
Usha Martin International Limited - (UMIL)			
5,909,388	Ordinary Shares of GBP 1 each fully paid (See Footnote i)	618,118	618,118
UM Cables Limited -			
1,11,29,660	Equity Shares of Rs. 10/- each fully paid	127,069	127,069
UM Cables Limited -			
29,00,000	(Previous Year 32,00,000) 2% Redeemable Cumulative Preference Shares of Rs.100/-each fully paid	290,000	320,000
	(300,000 2% Redeemable Cumulative Preference Shares redeemed during the year)		

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

10. **Investments (At Cost or Under)** *(contd...)*

	31st March, 2010	31st March, 2009
Investments in Subsidiary Companies -		
Unquoted		
Usha Siam Steel Industries Public Company Limited		
1,32,00,000 Ordinary Shares of Thai Baht 10 each fully paid (See Footnote i)	261,986	261,986
Usha Martin Singapore Pte Ltd.		
1,000,000 Ordinary Shares of SGD 1 each fully paid (See Footnote i)	26,805	26,805
Brunton Wolf Wire Rope, FZCO -		
114 Ordinary Shares of AED 1,00,000 each fully paid (See Footnote i)	177,680	177,680
Usha Martin Americas Inc. -		
40,00,000 (Previous Year 7,00,000) Shares of USD 1 each fully paid (See Footnotes i and ii)	165,988	31,052
Brunton Shaw Americas Inc		
Nil (Previous Year 33,00,000) Shares of USD 1 each fully paid (See Footnote ii)	–	134,936
Usha Martin Power and Resources Limited		
49,940 Ordinary Shares of Rs.10/- each fully paid	499	499
Bharat Minex Pvt. Limited (BMPL)		
200,000 Equity Shares of Rs. 10/- each fully paid (See Note v)	1,000	–
UMICOR Africa (Proprietary) Limited - (under liquidation)		
3,044,451 Ordinary Shares of Rand 1 each fully paid (See Footnote vi)	–	–
	1,869,513	**1,863,513**

Footnotes :

i) The Investments in overseas subsidiaries have been accounted for at the exchange rate prevailing on the date of remittance/ advice.

ii) During the year, Brunton Shaw Americas Inc, (BSAI) a wholly owned subsidiary of the Company merged with Usha Martin Americas Inc (UMAI) another wholly owned subsidiary of the Company with effect from 1st April, 2009 and accordingly 3,300,000 shares held by the Company in BSAI were allotted to the Company in UMAI pursuant to the scheme of merger.

iii) In case of unquoted long term investments in Subsidiary Companies, diminution, if any, in the year-end carrying amount, worked out solely on the basis of their respective break-up values is considered to be temporary, in nature, having regard to long term strategic value, benefits arising out of continuing business relationships etc.

iv) The Company's ownership interest and other particulars relating to GWSCL, PUMWPL, CCLUMSSL, DAPL and BMPL, the Joint Venture Companies have been set out in Note 28 below.

v) During the year the Company has purchased 100,000 Equity Shares of face value of Rs.10 each of Bharat Minex Private Limited (BMPL), an erstwhile Joint Venture Company to make it a Wholly Owned Subsidiary.

vi) Transfer of 3,044,451 Ordinary Shares in UMICOR Africa (Proprietary) Limited in the name of the Company could not be processed as the said UMICOR have gone into liquidation and placed under final winding up vide Order dated 30th July, 2008 of the High Court of South Africa (Witwatersrand Local Division).

vii) Current Investments acquired and sold during the year as under:

	No. of Units	No. of Units
Investment (Face Value of Rs. 10/- each)		
- LIC Income Plus Fund - Daily Dividend Plan	100,674,935.406	–
- HDFC Cash Management Fund Treasury Advantage Plan - Wholesale Daily Dividend	75,076,299.434	–
- Reliance Money manager - Institutional Optional Daily Dividend	752,482.287	–
- Franklin Floating Rate Income Fund Long Term Super Institutional Daily Dividend Reinvestment	85,474,113.124	–
- J P Morgan India Treasury Fund - Super Institutional Daily Dividend Plan - Reinvestment	50,234,073.988	–
- DWS Insta Cash Plus Fund Super Institutional Plan Daily Dividend	50,211,604.562	–
- Fortis Money Plus Institutional Plan Daily Dividend	45,239,099.909	–
- UTI Treasury Advantage Plan - Institutional Plan Daily Dividend Reinvestment	200,939.653	–
- ICICI Ultra Short Term Plan Super Premium Daily Dividend	20,003,677.281	–
- LIC Mutual Fund - Fixed Maturity Plan	–	50,000,000

Schedules to **Accounts**

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

		For the year ended 31st March, 2010	For the year 31st March, 2009
11. a)	The following are included under other heads of expenses in the Profit and Loss Account :		
	Consumption of Stores and Spare Parts	47,763	25,252
	Material Handling Charges	64,635	36,758
	Repairs and Maintenance - Plant and Machinery	18,341	10,065
	Repairs and Maintenance - Building	1,417	416
	Water Charges etc.	1,055	830
b)	Workmen and Staff Welfare Expenses include rent allowance paid to the employees	72,737	66,191
c)	Miscellaneous Deposits include the following amounts deposited with various Government Departments/Authorities etc :		
	National Savings Certificate	5	5
	Post Office Savings Bank Accounts	–	10
	Presidency Post Master	1	1
d)	Advances recoverable in cash or in kind or value to be received includes Capital Advances	529,017	1,285,234

12. Interest is made up as follows :

	For the year ended 31st March, 2010	For the year 31st March, 2009
On Debentures	105,740	223,341
On Loans* (including Rs. Nil on Fixed Deposits, Previous year- Rs.122 and Rs. 902,871 on Term Loans, Previous year -Rs.599,577)	413,692	750,982
On Others	725,994	304,590
	1,245,426 *	1,278,913
Less : Interest Recovered **		
On Loans and Deposits	102,122	14,874
On Others	12,968	30,556
	1,130,336	**1,233,483**
* Net of interest capitalisation	574,332	493,224
** Tax deducted at source	11,610	2,287

13. Computation of Earning per Equity Share (Basic and Diluted)

			For the year ended 31st March, 2010	For the year 31st March, 2009
I.	**Basic**			
a)	i)	Number of Equity Shares at the beginning of the year	250,241,780	250,241,780
	ii)	Number of Equity Shares issued during the year	54,500,000	–
	iii)	Number of Equity Shares at the end of the year	304,741,780	250,241,780
	iv)	Weighted average number of Equity Shares outstanding during the year	260,843,150	250,241,780
	v)	Face Value of each Equity Share Re.	1	1
b)	Profit after tax attributable to Equity Shareholders			
	Profit after Taxation		922,071	1,465,567
			922,071	**1,465,567**
	Basic Earning per Share [(b) / (a)(iv)] - Rs.		3.53	5.86
II.	**Diluted**			
a)	i)	Number of Potential Equity Shares at the beginning of the year	–	38,500,000
	ii)	Number of Potential Equity Shares forfeited during the year	–	38,500,000
	iii)	Number of Potential Equity Shares at the end of the year	–	–
	iv)	Weighted Average number of Dilutive Potential Equity Shares outstanding during the year	–	–
	v)	Weighted Average number of Equity Shares considered for computation of Diluted Earnings per share [I(a)(iv)+II(a)(iv)]	260,843,150	250,241,780
b)	Diluted Earnings per Share [(I(b)/II(a)(v)]		3.53	5.86

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

14. Auditors' Remuneration paid/payable as Auditors during the year included in:

	For the year ended 31st March, 2010	For the year 31st March, 2009
a) Miscellaneous Expenses		
Audit Fee	3,500	3,500
Tax Audit Fee	600	500
Other Matters (Certificates etc.)	2,145	2,060
Reimbursement of Expenses	162	69
b) Share Issue Expenses		
Fees for Issue of Reports etc. in connection with the placement documents Rs.6,300		
Above fees are exclusive of Service Tax Rs.1,309 (Previous Year Rs.758) not routed through Profit and Loss Account during the year.		

15. Value of Imports Calculated on C.I.F. basis:

	For the year ended 31st March, 2010	For the year 31st March, 2009
Raw Materials	2,613,732	1,548,660
Components and Spare Parts	230,349	265,644
Capital Goods	686,604	1,045,545

16. Expenditure (including on Capital Account) in Foreign Currency on account of :

	For the year ended 31st March, 2010	For the year 31st March, 2009
Share Issue Expenses (Net)	9,479	–
Technical know how, Drawings and Designs, Consultancy and Foreign Technician Fees	672	2,214
Traveling Expenses	5,964	7,611
Seminar and Training Expenses	99	1,072
Ocean Freight	107,063	71,617
Interest	347	–
Commission to Selling Agents	13,466	10,128
Subscription etc.	1,031	1,990
Bank Charges	291	348
Discount on Sales	21,128	19,626
Legal Expenses	3,072	2,009
Professional Fees	489	468
Export Sales Expenses	15,450	4,345

17. Amount Remitted in Foreign Currency on account of:

	For the year ended 31st March, 2010	For the year 31st March, 2009
Dividend	1	11,942
Year to which the dividend relates	Year ended 31st March, 2009	Year ended 31st March, 2008
Number of non-resident Shareholders	2	3
Number of Shares held by non-resident Shareholders	1,040	11,942,495

18. Earnings in Foreign Currency on account of:

	For the year ended 31st March, 2010	For the year 31st March, 2009
Export of Goods (On F.O.B. basis)	4,554,381	6,346,395
Interest Received	12,590	25,826
Service Charges	153	134
Dividend	25,656	14,670
Sale of certified emission reduction (carbon credit)	38,573	41,259

Schedules to **Accounts**

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

19. Year-end Deferred Tax balance comprises the following :

	As at 31st March, 2010	As at 31st March, 2009
Timing Difference resulting in liabilities/ (assets) on account of :		
Depreciation as per tax law and books	2,052,978	1,521,426
Unabsorbed tax depreciation/loss *	(224,673)	–
Disallowances allowable for tax purpose on payment	(36,867)	(26,455)
Provision for doubtful debts and advances	(50,473)	(48,032)
Exchange loss pertaining to fixed assets as per tax law and books	(47,728)	(224,471)
Deferred Revenue Expenditure	(2,220)	(954)
Others	–	(461)
Net Deferred Tax Liability	1,691,017	1,221,053

* Absorption expected based on future Taxable Income.

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

i) Related Parties

a) Where control exists :	
Name	Relationship
Usha Martin International Limited (UMIL)	Subsidiary
Usha Martin Americas Inc. (UMAI)	-do-
Usha Martin UK Limited (UMUK)	-do-
UMICOR Africa (Pty) Limited (UMICOR)	-do-
Usha Martin Vietnam Co. Limited (UMVCL)	-do-
Usha Martin Australia Pty Limited (UMAUS)	-do-
European Management and Marine Corporation Limited (EMMC)	-do-
EMM Caspian Limited (EMM Caspian)	-do-
E M M Kazakhstan Limited (EMMK)	-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) (effective from 27.07.2009)	-do-
Usha Martin West Coast Inc (UMWCI) (effective from 3.09.2009 and upto 26.02.2010)	-do-
De Ruiter Staalkabel BV (De Ruiter)	-do-
UM Cables Limited (UMCL)	-do-
Usha Martin Power and Resources Limited (UMPRL)	-do-
Bharat Minex Private Limited (BMPL) (effective from 23.09.2009)	-do-
Gustav Wolf Speciality Cords Limited (GWSCL)	Joint Venture Company
Pengg Usha Martin Wires Private Limited (PUMWPL)	-do-
CCL Usha Martin Stressing Systems Limited (CCLUMSSL)	-do-
Dove Airlines Private Limited (DAPL)	-do-
Bharat Minex Private Limited (BMPL) (effective upto 22.09.2009)	-do-
b) Others :	
UMI Special Steel Limited (UMISSL) - (under liquidation)	Substantial Interest in voting power of the entity
Mr. Rajeev Jhawar, Managing Director	Key Management Personnel
Dr. P Bhattacharya, Joint Managing Director	-do-
Dr. Vijay Sharma, Executive Director (w.e.f. 01.02.2010)	-do-
Mr. P. K. Jain, Executive Director (w.e.f. 01.02.2010)	-do-
Mr. Brij K Jhawar	Relative of a Key Management Personnel
Mrs. Shanti Devi Jhawar	-do-
Mrs. Susmita Jhawar	-do-
Ms. Stuti Jhawar	-do-
Ms. Shreya Jhawar	-do-
Ms. Amisha Jhawar	-do-

18 NOTES ON ACCOUNTS *(Contd...)*

(Rs. in Thousand)

ii) Particulars of Transactions during the year ended 31st March, 2010

Name and Relationship	Transaction during the year													Balance outstanding at the year end					
	Sale of Goods and Services	Purchase of Goods	Purchase of Fixed Assets	Dividend Received	Dividend Paid	Interest Paid/ (Recovered) (Net)	Directors' Remuneration	Directors' Commission Paid (Net of tax deducted at source)	Reimbursement/ (Recoveries) of Expenses (Net)	Rendering/ (Recoveries) of Management and other Services	Sales Commission	Investment in Equity and Preference Shares	Loans/ Advances (taken)/ given (net)	Corporate Guarantees Given	Sundry Debtors	Sundry Creditors	Deposits	Loans and Advances	Investments in Equity and Preference Shares
Substantial interest in voting power of the Company																			
UMISSL	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1
Total	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1
Subsidiary Companies																			
UMIL	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	618,118
	–	–	–	–	–	–	–	–	–	–	–	–	–	90,911	–	205	–	–	618,118
UMAI	581,491	–	29,298	–	–	(3,210)	–	–	2,015	–	–	–	(230)	296,340	16,411	31,839	–	1,783	165,988
	672,444	–	–	–	–	(4,202)	–	–	1,401	–	–	–	(15,628)	253,500	411,865	2,011	–	90	31,052
UMUK	714,339	–	414	–	–	–	–	–	13,029	–	–	–	–	–	87,880	375	–	–	–
	1,065,575	–	–	–	–	–	–	–	4,501	–	–	–	–	–	376,069	844	–	–	–
UMVCL	27,361	–	–	–	–	(156)	–	–	31	–	–	–	–	–	124	–	–	–	–
	20,260	–	–	–	–	–	–	–	–	–	–	–	–	–	20,487	–	–	–	–
UMAUS	102,429	–	–	–	–	(517)	–	–	278	–	–	–	–	–	54,127	–	–	–	–
	321,199	–	–	–	–	(579)	–	–	1,157	–	–	–	–	–	183,025	–	–	–	–
UMPRL	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	499
	–	–	–	–	–	–	–	–	–	–	–	499	–	–	–	–	–	–	499
BMPL	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,000
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
USSIL	425,922	11,440	–	–	–	(8,677)	–	–	2,372	–	–	–	(40,454)	166,462	37,959	11,045	–	92,256	261,986
	638,567	20,136	–	–	–	(16,419)	–	–	638	–	–	–	20,430	139,591	326,524	2,104	–	132,710	261,986
DE REUITER	5,235	–	–	–	–	–	–	–	–	–	–	–	–		–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	–	–	–
UMSPL	728,180	–	–	–	–	(30)	–	–	11,349	–	2,350	–	–	–	40,462	751	–	–	26,805
	998,931	–	–	–	–	–	–	–	12,922	–	2,758	–	(26)	–	165,148	438	–	–	26,805
BWWR	434,109	–	–	25,656	–	–	–	–	(216)	–	–	–	230	90,016	27,129	142	–	230	177,680
	648,489	–	–	14,670	–	(4,625)	–	–	765	–	–	–	(1,486)	233,684	179,005	170	–	–	177,680
BSAI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	5,608	–	38,452	–	–	–	–	–	(129)	–	–	–	558	81,120	60,454	646	–	1,923	134,936
UMCL	11,592	1,300	–	12,259	–	(9,449)	–	–	–	12,000	–	(30,000)	(40,000)	–	795	–	–	–	417,069
	6,077	–	–	–	–	(506)	–	–	–	–	–	160,000	(221,348)	–	–	–	–	40,000	447,069
Total	3,030,658	12,740	29,712	37,915	–	(22,039)	–	–	28,858	12,000	2,350	(30,000)	(80,454)	552,818	264,887	44,152	–	94,269	1,669,145
	4,377,150	20,136	38,452	14,670	–	(26,331)	–	–	21,255	–	2,758	160,499	(217,500)	798,806	1,722,577	6,418	–	174,723	1,698,145

18 NOTES ON ACCOUNTS *(Contd...)*

(Rs. in Thousand)

ii) Particulars of Transactions during the year ended 31st March, 2010

Name and Relationship	Transaction during the year													Balance outstanding at the year end					
	Sale of Goods and Services	Purchase of Goods	Purchase of Fixed Assets	Dividend Received	Dividend Paid	Interest Paid/ (Recovered) (Net)	Directors' Remuneration	Directors' Commission Paid (Net of tax deducted at source)	Reimbursement/ (Recoveries) of Expenses (Net)	Rendering/ (Recoveries) of Management and other Services	Sales Commission	Investment in Equity and Preference Shares	Loans/ Advances (taken)/ given (net)	Corporate Guarantees Given	Sundry Debtors	Sundry Creditors	Deposits	Loans and Advances	Investments in Equity and Preference Shares
Venture Company																			
GWSCL	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(49)**	**9,625**	**–**	**–**	**–**	**–**	**(17,076)**	**–**	**2,500**	**–**	**7,350**
	–	–	–	–	–	–	–	–	–	11,108	–	–	–	–	–	4,132	2,500	–	7,350
PUMWPL	**83,901**	**474**	**–**	**–**	**–**	**–**	**–**	**–**	**(17,219)**	**855**	**–**	**** 36,000**	**–**	**–**	**361**	**108**	**–**	**–**	**152,000**
	51,399	321	–	–	–	–	–	–	(13,963)	3,017	–	** 44,000	–	–	21,608	321	–	9,692	116,000
CCLUMSSL	**1,859**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,732**
	4,708	–	–	–	–	–	–	–	(583)	–	–	–	(21)	–	905	–	–	–	4,732
DAPL		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**39,039**	**–**	**–**	**–**	**–**	**106,500**	**–**	**–**	**500**	**–**	**32,500**
	–	–	–	–	–	–	–	–	38,086	–	–	–	–	149,100	–	–	–	–	32,500
BMPL		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	–	–	–	–	–	–	–	1,000	–	–	–	–	–	–	1,000
Total	**85,760**	**474**	**–**	**–**	**–**	**–**	**–**	**–**	**21,771**	**10,480**	**–**	**36,000**	**–**	**106,500**	**(16,715)**	**108**	**3,000**	**–**	**196,582**
	56,107	321	–	–	–	–	–	–	23,540	14,125	–	45,000	(21)	149,100	22,513	4,453	2,500	9,692	161,582
Key Management Personnel and Relatives																			
Mr. Rajeev Jhawar	**–**	**–**	**–**	**–**	**185**	**–**	*** 39,387**	**31,864**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**30,083**	**–**	**–**	**–**
	–	–	–	–	185	–	* 54,471	27,128	–	–	–	–	–	–	–	46,112	–	–	–
Dr. P. Bhattacharya	**–**	**–**	**–**	**–**	**–**	**–**	*** 22,599**	**15,932**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**15,041**	**–**	**–**	**–**
	–	–	–	–	–	–	* 31,320	13,564	–	–	–	–	–	–	–	23,056	–	–	–
Dr. Vijay Sharma							*** 2,884**	**–**								**625**			
	–	–	–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Mr. P. K. Jain							*** 2,000**	**–**								**400**			
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Mr. Brij K Jhawar	**–**	**–**	**–**	**–**	**125**	**–**	**840**	**1,256**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**800**	**–**	**–**	**–**
	–	–	–	–	125	–	1,445	1,186	–	–	–	–	–	–	–	1,400	–	–	–
Mrs. Shanti Devi Jhawar	**–**	**–**	**–**	**–**	**238**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	238	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Mrs. Susmita Jhawar	**–**	**–**	**–**	**–**	**133**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	133	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ms. Stuti Jhawar	**–**	**–**	**–**	**–**	**163**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	163	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ms. Shreya Jhawar	**–**	**–**	**–**	**–**	**91**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	91	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ms. Amisha Jhawar	**–**	**–**	**–**	**–**	**184**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	184	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**1,119**	**–**	**67,710**	**49,052**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**46,949**	**–**	**–**	**–**
	–	–	–	–	1,119	–	87,236	41,878	–	–	–	–	–	–	–	70,568	–	–	–

iii) Figures in normal font relates to previous year.

* Refer Schedule 17.

** Acquired during the year upon conversion of loan made in earlier years.

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

21. a) **Consumption :-**

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
	Value	%	Value	%
i) Raw Materials				
Imported	1,689,388	20.61	1,441,801	15.37
Indigenous	6,507,652	79.39	7,938,489	84.63
	8,197,040	100.00	9,380,290	100.00
ii) Stores and Spare Parts				
Imported	231,087	15.69	105,964	8.91
Indigenous	1,241,888	84.31	1,082,741	91.09
	1,472,975	100.00	1,188,705	100.00

b) **Raw Materials Consumed :-**

		For the year ended 31st March, 2010		For the year ended 31st March, 2009	
	Unit	Quantity	Value	Quantity	Value
Metallic (Ferrous bearing)	M.T.	430,397	3,863,536	450,878	3,966,715
Coke	M.T.	97,178	1,463,469	131,612	2,769,518
Alloys	M.T.	7,087	662,528	7,754	761,385
Other Materials (individual item does not exceed 10% of total consumption)			2,207,507		1,882,672
			8,197,040		9,380,290

22. a) **Capacity and Production**

Class of Products	Unit	Licensed capacity	Installed capacity $	Production
Wire Rods	M.T.	**N.A.**	**400,000**	**282,690** a
		N.A.	300,000	278,158
Bars	M.T.	**N.A.**	**323,000**	**41,454** b
		N.A.	48,000	32,426
Billets	M.T.	**N.A.**	**1,000,000**	**280,228** c
		N.A.	400,000	340,589
Pig Iron/Hot Metal	M.T.	**N.A.**	**200,000**	**119,671** d
		N.A.	200,000	171,640
Sponge Iron	M.T.	**N.A.**	**300,000**	**123,747** e
		N.A.	100,000	97,907
Rolled Products	M.T.	**N.A.**	**72,300**	**51,972** f
		N.A.	72,300	52,204
Wire Ropes, Strands including	M.T.	**N.A.**	**124,068**	**93,843** g
Locked Coil Wire Ropes		N.A.	118,320	91,604
Wires	M.T.	**N.A.**	**109,980**	**70,464** h
		N.A.	105,000	67,253
Bright Bar	M.T.	**N.A.**	**25,480**	**13,139** i
		N.A.	18,000	11,368
Conveyor Cord	M.T.	**N.A.**	**3,600**	**1,775**
		N.A.	3,600	2,243
Wire Drawing and Allied Machines	Nos.	**N.A.**	**50**	**11** j
		N.A.	50	9

Schedules to **Accounts**

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

a) Capacity and Production (contd..)

Class of Products	Unit	Licensed capacity	Installed capacity $	Production
Hydraulic Machines including Presses	Pcs.	**N.A.**	**100**	**45** k
		N.A.	100	73
Blocks, Dies etc.	Sets	**N.A.**	**400**	**20**
		N.A.	400	13
Ferrules, Slings, Fitting	Pcs.	**N.A.**	**700,000**	**76,693**
		N.A.	700,000	80,548
Equipment for Prestressed Concrete System	Pcs.	**N.A.**	**6,500,000**	**2,304,701** l
		N.A.	6,500,000	2,121,476
Jointing Equipment	Pcs.	**N.A.**	**100,000**	**8,011** m
		N.A.	100,000	22,467

$ As certified by the Management.

a Including internal consumption 175,423 M.T. (Previous Year 164,134 M.T.)

b Including internal consumption 27,404 M.T. (Previous Year 2,102 M.T.) ; excluding trial production 48,049 M.T. (Previous Year Nil M.T.)

c Including internal consumption 378,925 M.T. (Previous Year 343,071 M.T.) and purchase (net) 27,749 M.T. (Previous Year Nil M.T.); excluding trial production 77,100 M.T. (Previous Year Nil M.T.)

d Including internal consumption 119,650 M.T. (Previous Year 167,352 M.T.)

e Including internal consumption 147,303 M.T. (Previous Year 97,595 M.T.) ; excluding trial production 39,283 M.T. (Previous Year Nil M.T.)

f Including internal consumption 2,371 M.T. (Previous Year 1,922 M.T.)

g Including internal consumption 3,663 M.T. (Previous Year 1,534 M.T.)

h including internal consumption 6,155 M.T. (Previous Year 8,763 M.T.)

i Including internal consumption 1,070 M.T.(Previous Year 103 M.T.); excluding trial production 995 M.T. (Previous Year Nil M.T.)

j Including internal consumption 3 Nos. (Previous Year 5 Nos.).

k Including internal consumption 2 Sets. (Previous Year 5 Sets).

l Including internal consumption 61,029 Pcs. (Previous Year 183,582 Pcs.).

m Including internal consumption 5 Pcs. (Previous Year Nil Pc.).

b) Purchase of General Merchandise

	Unit	Quantity	Value
Coal	M.T.	**32,857**	**33,750**
		–	–
Tube Unit	Pcs.	**50,065**	**24,103**
		42,358	23,031
Buncher Machines	Pcs.	**–**	**–**
		4	11,540
Miscellaneous items (individual item does not exceed 10% of total purchase)			**1,633**
			918
			59,486
			35,489

Figures in normal type relates to previous year

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

c) Opening Stock, Turnover, Closing Stock

Class of Products	Unit	Opening Stock		Turnover (Gross)		Closing Stock	
		Quantity	Rupees	Quantity	Rupees	Quantity	Rupees
i) Manufactured Items :-							
Wire Rods	M.T.	11,757	362,263	106,437	3,968,787	12,587	379,667
		9,811	274,530	112,078	5,359,177	11,757	362,263
Bars	M.T.	3,018	127,088	38,356	1,540,463 (a)	11,846	459,556 (c)
		4,424	153,825	31,730	1,666,400	3,018	127,088
Billets	M.T.	5,392	162,546	1,770	46,874	9,774	284,902
		10,346	251,699	2,472	74,021	5,392	162,546
Pig Iron/Hot Metal	M.T.	2,285	50,011	–	–	2,306	43,367
		2,960	44,501	4,963	130,776	2,285	50,011
Sponge Iron	M.T.	1,321	10,823	8,284	105,334	8,764	74,532
		1,009	7,670	–	–	1,321	10,823
Rolled Product	M.T.	999	28,902	50,157	1,523,432	443	11,563
		676	19,774	49,959	1,874,761	999	28,902
Wire Ropes, Strands	M.T.	4,283	212,545	90,573	6,726,021	3,890	174,984
including Locked Coil		2,813	137,557	88,600	7,767,185	4,283	212,545
Wire Ropes							
Wires	M.T.	4,018	175,881	65,362	3,231,483	2,965	120,492
		3,317	128,814	57,789	3,521,195	4,018	175,881
Bright Bar	M.T.	1,612	69,303	12,455	716,098 (b)	1,337	55,441 (d)
		1,722	67,903	11,375	803,343	1,612	69,303
Conveyor Cord	M.T.	55	3,180	1,809	177,882	21	1,222
		12	582	2,200	265,728	55	3,180
Wire Drawing and	Nos.	–	–	8	24,543	–	–
Allied Machines		–	–	4	55,730	–	–
Hydraulic Machines	Pcs.	–	–	43	478	–	–
including Presses		–	–	68	1,148	–	–
Blocks, Dies etc.	Sets	2	10	17	349	5	16
		–	–	11	262	2	10
Ferrules, Slings, Fitting	Pcs.	16,840	733	83,014	6,220	10,519	654
		26,138	572	89,846	6,043	16,840	733
Equipment for Prestressed	Pcs.	68,602	9,971	2,165,091	129,139	147,183	11,138
Concrete System		34,658	8,958	1,903,950	126,066	68,602	9,971
Jointing Equipment	Pcs.	–	–	8,006	134	–	–
		–	–	22,467	820	–	–
Spares and Accessories			–		27,575		–
			–		17,162		–
			1,213,256		18,224,812		1,617,534
			1,096,385		21,669,817		1,213,256

(a) Excluding trial production sale of 14,915 M.T. (Previous Year Nil M.T.) of Rs. 555,949 (Previous Year Rs. Nil)

(b) Excluding trial production sale of 884 M.T. (Previous Year Nil M.T.) of Rs. 58,932 (Previous Year Rs. Nil)

(c) Includes stock out of trial production 8,969 M.T. (Previous Year Nil M.T.) of Rs.352,678 (Previous Year Rs. Nil)

(d) Includes stock out of trial production 111 M.T. (Previous Year Nil M.T.) of Rs. 5,031 (Previous Year Rs. Nil)

Schedules to **Accounts**

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

c) Opening Stock, Turnover, Closing Stock

	Unit	Opening Stock		Turnover (Gross)		Closing Stock	
		Quantity	Rupees	Quantity	Rupees	Quantity	Rupees
ii) General Merchandise							
Tube Unit	Pcs.	**5,404**	**2,388**	**49,528**	**31,526**	**5,941**	**2,928**
		4,490	1,397	41,444	29,040	5,404	2,388
Buncher Machines	Pcs.	**–**	**–**	**–**	**–**	**–**	**–**
		–	–	4	13,010	–	–
Coal	M.T.	**–**	**–**	**32,857**	**42,054**	**–**	**–**
		–	–	–	–	–	–
Miscellaneous items (individual item does not exceed 10% of total purchases)			**993**		**23,566**		**1,180**
			901		30,476		993
			3,381		**97,146**		**4,108**
			2,298		72,526		3,381
iii) Product Scrap (Footnote 1)			**411,181**		**1,078,892**		**815,214**
			320,286		1,114,227		411,181
iv) Service Charges			**–**		**14,630**		**–**
			–		22,925		–
v) Processing Charges			**–**		**–**		**–**
			–		47		–
vi) DEPB/ Pass Book Gain			**–**		**184,783**		**–**
			–		192,514		–
			411,181		**1,278,305**		**815,214**
			320,286		1,329,713		411,181
Total			**1,627,818**		**19,600,263**		**2,436,856**
			1,418,969		23,072,056		1,627,818

Footnotes :

1. Includes Slag, Dust, Fines etc.
2. Figures in normal type relates to previous year

23. Segment Information for the year ended 31st March, 2010

A. Primary Segment Reporting (by Business Segments)

I. Composition of Business Segments

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

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

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

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

Others : Jelly Filled Telecommunication Cables, etc.

II Inter Segment Transfer Pricing

Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for the Company.

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

III **Segment Revenues, Results and Other Information**

	Steel	Wire and Wire Ropes	Others	Total of Reportable Segment
External Sales *	**8,036,842**	**10,467,013**	**–**	**18,503,855**
	9,441,491	11,830,762	–	21,272,253
Inter Segment Sales*	**5,168,522**	**55,861**	**–**	**5,224,383**
	6,306,430	79,760	–	6,386,190
Other Income	**111,590**	**32,248**	**12,259**	**156,097**
	89,201	33,723	–	122,924
Segment Revenues	**13,316,954**	**10,555,122**	**12,259**	**23,884,335**
	15,837,122	11,944,245	–	27,781,367
Segment Result (PBIT)	**773,312**	**1,742,885**	**11,655**	**2,527,852**
	2,439,079	2,294,222	(37,970)	4,695,331
Segment Assets	**31,826,501**	**8,825,989**	**417,137**	**41,069,627**
	25,176,931	9,459,437	487,732	35,124,100
Segment Liabilities	**13,584,400**	**1,859,107**	**5,487**	**15,448,994**
	8,284,761	1,134,653	5,487	9,424,901
Capital Expenditure (net)	**5,531,502**	**736,234**	**–**	**6,267,736**
	8,370,203	1,265,698	–	9,635,901
Depreciation	**802,925**	**259,393**	**604**	**1,062,922**
	592,149	214,559	32,688	839,396
Non cash expenses other than depreciation	**17,883**	**1,613**	**–**	**19,496**
	11,221	38,920	765	50,906

* Net of excise duty

IV **Reconciliation of Reportable Segments with the Financial Statements**

	Revenues	Results/Net Profit	Assets	Liabilities *
Total of Reportable Segments	**23,884,335**	**2,527,852**	**41,069,627**	**15,448,994**
	27,781,367	4,695,331	35,124,100	9,424,901
Corporate - Unallocated (net)	**45,542**	**(5,481)**	**718,827**	**11,342,542**
	12,391	(1,321,436)	1,107,524	16,643,967
Inter Segment Sales	**(5,224,383)**	**–**	**–**	**–**
	(6,386,190)	–	–	–
Interest (net)	**–**	**(1,130,336)**	**–**	**–**
	–	(1,233,483)	–	–
Provision for taxation -Current	**–**	**(239,600)**	**–**	**–**
	–	(910,000)	–	–
MAT Credit	**–**	**239,600**	**–**	**–**
	–	–	–	–
Provision for Fringe Benefit Tax	**–**	**–**	**–**	**–**
	–	(11,500)	–	–
Provision for taxation - Deferred	**–**	**(469,964)**	**–**	**–**
	–	246,655	–	–
As per Financial Statements	**18,705,494**	**922,071**	**41,788,454**	**26,791,536**
	21,407,568	1,465,567	36,231,624	26,068,868

*Excluding Shareholders' Funds.

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

	Domestic	Exports	Total
Revenues	**13,921,880**	**4,738,072**	**18,659,952**
	14,801,561	6,593,616	21,395,177
Total Assets	**41,069,627**	**–**	**41,069,627**
	35,124,100	–	35,124,100
Capital Expenditure	**6,267,736**	**–**	**6,267,736**
	9,635,901	–	9,635,901

Figures in normal type relates to previous year

Schedules to **Accounts**

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

24. a) During the year, the Company commenced initially trial run and then commercial production at the Direct Reduced Iron Plants Unit – II & Unit – III, Steel Melting Shop Unit – III, Bloom Mill, 30 MW Captive Power Plant at its Usha Alloys & Steel Division, Jamshedpur and Bright Bar Unit at Speciality Product Division South at Sriperumbudur, Chennai. Total capitalization of Rs.10,802,459 against these projects include following trial run expenses (net).

Raw Materials Consumed	752,591
Consumption of Stores and Spares Parts	145,164
Repairs and Maintenance (Plant & Machinery)	19,441
Material Handling Charges	34,878
Power and Fuel	337,210
Salaries, Wages and Bonus (Net)	1,516
Other Expenses	3,874
Total (A)	**1,294,674**
Sales during trial run (net of excise duty)	563,284
Closing stock out of trial run production	329,794
Total (B)	**893,078**
Net Trial Run Expenses (A - B)	**401,596**

b) In view of above trial run and capitalisation at Usha Alloys & Steel Division at Jamshedpur it was considered prudent by the management to defer the physical verification of fixed asset at Jamshedpur scheduled in the year to 2010-11.

25. **Particulars of disputed demands in respect of Income Tax, Sales Tax, Excise Duty and Customs Duty as on 31st March, 2010 which have not been deposited are set out below :**

Name of the Statute	Nature of the dues	Amount (Rs. in thousand)	Period to which the amount related	Forum where dispute is pending
Central and State Sales Tax Acts.	Taxes including interest	279	1986-87	Sales Tax Appellate Tribunal
		258	1984-85 and 2005-06	Deputy Commissioner of Commercial Taxes
		7,426	2005-06 to 2006-07	Joint Commissioner of Commercial Taxes
Central Excise Act, 1944	Excise Duty including interest	31	1999-00	Jharkhand High Court
		29,048	2001-02 to 2004-05	Central Excise and Service Tax Appellate Tribunal
		898	2004-2005 to 2005-2006	Additional Commissioner of Central Excise
		14,557	2005-2006 to 2007-2008	Commissioner of Central Excise
		1,781	2001-02	Joint Commissioner of Central Excise
		3,445	2008-09	Commissioner of Central Excise & Service Tax (Appeal)
		612	2006-07	Allahabad High Court
		84,610	2003-04 to 2007-08	Central Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Customs Duty	1,585	1995-96, 1996-97, 1998-99, 2000-01, 2008-09	Deputy Commissioner of Customs
		1,593	1989-90, 1992-93, 1993-94	Central Excise and Service Tax Appellate Tribunal
		5,166	1989-90, 1996-97, 2002- 03	Assistant Commissioner of Customs
		4,095	2005-2006	Commissioner of Customs (Appeals)
Income Tax Act, 1961	Income Tax	55,178	Assessment Year 1998-99	Ranchi High Court

26. **Disclosure pursuant to SEBI's circular no SMD/POLICY/CIR-02/2003**

I. Name	Classification
UM Cables Limited	a
Rs.Nil	b, e
Rs. 114,000	d
Usha Siam Steel Industries Public Company Limited	a
Rs. 92,256	b, e
Rs. 132,710	d
Usha Martin Americas Inc	a
Rs. 1,783	c
Rs. 1,923	d
Brunton Wolf Wire Ropes FZCO.	a
Rs.230	c
Rs.238	d

Legends to classification :-

a - denotes Subsidiaries

b - denotes Loans outstanding as at 31st March, 2010

c - denotes amount due on account of accrued interest, management service charges and recovery of expenses outstanding as at 31st March, 2010

18 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

d - denotes maximum amount outstanding during the year ended 31st March, 2010

e - 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.19,098 (Previous year Rs.21,502).

27. Employee Benefits

I) Post Employment Defined Contribution Plans

During the year an amount of Rs.38,539 (Previous year Rs.38,770) has been recognised as expenditure towards Defined Contribution Plans of the Company.

II) Post Employment Defined Benefit Plans

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 1 (j) (ii) 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 Funds of the Company for the year ended 31st March, 2010

Description	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
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	246,514	233,915	230,574
Current Service Cost	9,224	7,200	6,761
Interest Cost	18,714	17,499	18,951
Actuarial (Gains)/ Losses	40,326	18,256	(374)
Benefits Paid	(25,190)	(30,356)	(21,997)
Present Value of Obligation at the end of the year	**289,588**	**246,514**	**233,915**
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	224,003	225,121	177,037
Expected Return on Plan Assets	17,920	18,010	14,163
Actuarial Gains/ (Losses)	3,095	1,824	3,234
Contributions	22,511	9,404	52,684
Benefits Paid	(25,190)	(30,356)	(21,997)
Fair Value of Plan Assets at the end of the year	**242,339**	**224,003**	**225,121**
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	289,588	246,514	233,915
Fair Value of Plan Assets at the end of the year	242,339	224,003	225,121
Assets/ (Liabilities) recognised in the Balance Sheet	**(47,249)**	**(22,511)**	**(8,794)**
d) Expense recognised in the Profit and Loss Account			
Current Service Cost	9,224	7,200	6,761
Interest Cost	18,714	17,499	18,951
Expected Return on Plan Assets	(17,920)	(18,010)	(14,163)
Actuarial (Gains)/ Losses	37,231	16,432	(3,608)
Total Expense recognised *	**47,249**	**23,121**	**7,941**
* Recognised under Contribution to Provident and other Funds in Schedule 15.			
e) Category of Plan Assets :			
Fund with LIC	235,355	217,526	218,832
Fund with SBI Life Insurance	2,909	2,669	2,423
Fund with HDFC Standard Life	2,970	2,740	2,771
Others (including bank balances)	1,105	1,068	1,095
Total	**242,339**	**224,003**	**225,121**

18 NOTES ON ACCOUNTS *(Contd...)*

(Rs. in Thousand)

Description	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
f) Actual Return on Plan Assets	21,015	19,833	17,397
g) Principal Actuarial Assumptions			
Discount Rate	8.00%	8.00%	8.50%
Salary Escalation	6.00%	5.56%	5.56%
Expected Return on Asset	8.00%	8.00%	8.00%

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.

h) Contributions towards provident funds are recognised as expense. Provident fund contributions in respect of employees are made to Trusts administered by the Company and such Trusts invest funds following a pattern of investments prescribed by the Government. 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. However, there is no such interest shortfall at the year end. The Actuary has expressed his inability to provide an actuarial valuation of the provident fund liability as at the year end in the absence of any guidance from the Actuarial Society of India. Accordingly, complete information required to be considered as per AS 15 in this regard are not available and the same could not be disclosed. During the year, the Company has contributed Rs. 25,397 (Previous year Rs.21,150) to the Provident Fund.

28. 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, 2010	Proportion of Ownership Interest As at 31st March,2009
Pengg Usha Martin Wires Private Limited (PUMWPL)	India	Jointly Controlled Entity	40%	40%
Gustav Wolf Speciality Cords Limited (GWSCL)	India	Jointly Controlled Entity	49%	49%
CCL Usha Martin Stressing Systems Limited (CCLUMSSL)	India	Jointly Controlled Entity	49.99%	49.99%
Dove Airlines Private Limited (DAPL)	India	Jointly Controlled Entity	50%	50%
Bharat Minex Pvt. Limited (BMPL)	India	Jointly Controlled Entity	–	50%

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

	PUMWPL	GWSCL	CCLUMSSL	DAPL	BMPL
ASSETS as at 31st March, 2010					
Fixed Assets (Net Block)	**151,232**	**–**	**488**	**82,552**	**–**
	152,763	–	732	98,614	–
Capital Work-in-Progress	**1,437**	**–**	**–**	**–**	**–**
	–	–	–	–	–
Current Assets, Loans and Advances					
– Inventories	**18,896**	**–**	**278**	**–**	**–**
	16,924	–	440	–	–
– Sundry Debtors	**13,032**	**9,538**	**625**	**734**	**–**
	8,860	12,698	630	3,124	–
– Cash and Bank Balances	**681**	**407**	**1,581**	**17,049**	**–**
	347	1,197	2,373	17,728	580
– Other Current Assets	**470**	**1,225**	**–**	**1,124**	**–**
	470	1,225	–	10	–
– Loans and Advances	**15,132**	**8,401**	**334**	**1,335**	**–**
	16,158	2,058	378	2,283	–
Total	**200,880**	**19,571**	**3,306**	**102,794**	**–**
	195,522	17,178	4,553	121,759	580

18 NOTES ON ACCOUNTS *(Contd...)*

(Rs. in Thousand)

	PUMWPL	GWSCL	CCLUMSSL	DAPL	BMPL
LIABILITIES as at 31st March, 2010					
Secured Loan	**76,428**	**–**	**–**	**53,250**	**–**
	80,033	–	–	74,550	–
Unsecured Loan	**–**	**7,982**	**–**	**16,375**	**–**
	3,894	7,982	–	16,375	–
Current Liabilities and Provisions					
– Liabilities	**6,765**	**6,519**	**117**	**1,060**	**–**
	21,617	4,371	1,191	3,535	56
– Provisions	**(178)**	**(1,863)**	**(267)**	**(776)**	**–**
	183	(1,486)	(254)	(983)	–
– Deferred Tax Liability	**–**	**–**	**–**	**52**	**–**
	–	–	–	–	–
Total	**83,015**	**12,638**	**(150)**	**69,961**	**–**
	105,727	10,867	937	93,477	56
INCOME for the year 2009-2010					
Sales/ Operating Income	**62,145**	**4,716**	**1,752**	**44,512**	**–**
	22,486	5,443	3,376	45,588	–
Other Income	**204**	**–**	**393**	**–**	**–**
	162	23	–	548	–
Total	**62,349**	**4,716**	**2,145**	**44,512**	**–**
	22,648	5,466	3,376	46,136	–
EXPENSES for the year 2009-2010					
Raw materials consumed	**32,551**	**–**	**1,036**	**–**	**–**
	16,777	–	2,146	–	–
(Increase)/ Decrease in Stock-in-Trade	**1,022**	**–**	**–**	**–**	**–**
	(2,515)	–	–	–	–
Manufacturing, Selling and Administrative Expenses	**21,084**	**3,919**	**1,106**	**17,190**	**–**
	14,590	4,959	1,256	15,523	167
Depreciation	**7,507**	**–**	**244**	**16,062**	**–**
	7,261	–	244	19,149	–
Interest	**8,115**	**–**	**(93)**	**5,715**	**–**
	8,740	1	(227)	11,262	–
Taxation					
– Current Tax	**–**	**175**	**12**	**942**	**–**
	–	560	–	21	–
– Fringe Benefit Tax	**–**	**–**	**–**	**–**	**–**
	30	1	–	59	–
– Deferred Tax	**–**	**–**	**–**	**52**	**–**
	–	–	–	–	–
Total	**70,279**	**4,094**	**2,305**	**39,961**	**–**
	44,883	5,521	3,419	46,014	167
Share of Bank Guarantees outstanding	**938**	**–**	**807**	**16,535**	**–**
	–	–	807	16,450	–
Share of Custom Duty Demand not acknowledged as debt	**–**	**–**	**–**	**65,591**	**–**
	–	–	–	–	–

c) Figures in normal font relate to previous year

29. Figures for the previous year have been regrouped/ rearranged wherever necessary.

Signatures to Schedules "1" to "18"

For PRICE WATERHOUSE
Firm Registration Number : 301112E
Chartered Accountants

(S. K. Deb)
Partner
Membership No. 13390

Kolkata
10th May, 2010

B. K. Jhawar
Chairman Emeritus

P. Jhawar
Chairman

R. Jhawar
Managing Director

Dr. P. Bhattacharya
Jt. Managing Director

A. K. Somani
Company Secretary

Cash Flow **Statement** For the year ended 31st March, 2010

(Rs. in Thousand)

	31st March, 2010		31st March, 2009	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before tax and extraordinary items		1,392,035		2,140,412
Adjustments for :				
Depreciation	1,072,517		850,402	
Interest (Net)	1,130,336		1,233,483	
Finance Charges	19,536		20,685	
Dividend received from Subsidiary Companies	(37,915)		(14,670)	
Dividend received from Current Investments - Other than Trade	(28,905)		(9,188)	
Profit on Sale of Fixed Assets (Net)	(547)		(2,497)	
Fixed Assets Written off	2,366		–	
Provision for Doubtful Debts and Advances	17,862		46,194	
Bad Debts written off/ Provision written back (Net)	10,546		(1,098)	
Liabilities no longer required written back	(76,941)		(54,465)	
Deferred Revenue Expenditure written off	8,745		11,693	
Derivatives Loss/(Gain) (Net)	69,185		–	
Exchange (Gain) / Loss (Net)	(562,872)	1,623,913	907,710	2,988,249
Operating profit before working capital changes		3,015,948		5,128,661
Increase / Decrease in :				
Trade and other receivables	1,141,401		(364,547)	
Inventories	(2,683,945)		1,287,081	
Trade payables	5,023,473	3,480,929	2,669,528	3,592,062
Cash generated from operations		6,496,877		8,720,723
Direct taxes (including Fringe Benefit Tax) paid	(232,886)		(929,831)	
Payment of Compensation under Voluntary Retirement Scheme	(1,440)	(234,326)	(2,860)	(932,691)
Net Cash from Operating Activities		**6,262,551**		**7,788,032**
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets [including interest capitalisation Rs. 574,332; (Previous Year Rs. 493,224)]	(4,350,356)		(10,564,463)	
Sale of Fixed Assets	1,915		11,367	
Investments in Joint Venture Companies	(36,000)		(1,000)	
Investments in Subsidiaries	–		(160,499)	
Loans and Advances to Subsidiary Companies (Net)	80,454		225,394	
Inter Corporate Loans (Net)	–		7,397	
Redemption of Investments	38,753		–	
Interest received	110,886		66,449	
Dividend received from a Subsidiary Company	37,915		14,670	
Dividend received from Current Investments - Other than Trade	28,905		9,188	
Net Cash used in Investing Activities		**(4,087,528)**		**(10,391,497)**
Carried forward		**2,175,023**		**(2,603,465)**

Cash Flow **Statement** *(Contd...)*

(Rs. in Thousand)

		31st March, 2010		31st March, 2009
Brought forward		**2,175,023**		**(2,603,465)**
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from issuance of Equity Shares	4,576,642		–	
[Net of Share Issue Expenses Rs.104,908]				
Long term borrowings (Net of finance charges relating to prepayment of loans and other items) - Receipts / (Payment) (Net)	(2,959,536)		4,689,181	
Short term borrowings - Payment (Net)	(2,875,260)		(249,830)	
Interest paid	(1,286,697)		(1,242,966)	
Dividend paid (including tax thereon Rs.42,529 ; Previous Year Rs. 42,529)	(291,651)		(292,263)	
Net Cash from Financing Activities		**(2,836,502)**		**2,904,122**
Net increase/(decrease) in cash and cash equivalents during the year		**(661,479)**		**300,657**
D. EFFECT OF FOREIGN EXCHANGE DIFFERENCES ON				
Cash and Cash Equivalents		(229)		418
		(661,708)		**301,075**
Cash and Cash Equivalents as at 31st March, 2009 [Refer Schedule 8 to Accounts]	764,682		463,607	
Cash and Cash Equivalents as at 31st March, 2010 [Refer Schedule 8 to Accounts]	102,974	(661,708)	764,682	301,075

Notes :

1. 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.
2. Schedules referred to above form an integral part of the Cash Flow Statement.
3. Figures for the previous year have been regrouped/rearranged wherever necessary.

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

For PRICE WATERHOUSE
Firm Registration Number : 301112E
Chartered Accountants

B. K. Jhawar
Chairman Emeritus

P. Jhawar
Chairman

(S. K. Deb)
Partner
Membership No. 13390

R. Jhawar
Managing Director

Dr. P. Bhattacharya
Jt. Managing Director

Kolkata
10th May, 2010

A. K. Somani
Company Secretary

Balance Sheet **Abstract**

Information pursuant to Part IV of Schedule VI of the Companies Act, 1956

Balance Sheet Abstract And Company's General Business Profile

I. Registration Details

Registration No.	91621	State Code	21
Balance Sheet Date	31 03 2010		

II. Capital raised during the year (Amount in Rs. Thousands)

Public issue	NIL	Right issue	NIL
Bonus issue	NIL	Private Placement	54500

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

Total Liabilities	+ 2679 1536	Total Assets	41788454

+ Excluding Shareholders' fund - Rs. 14,996,918

Sources of Funds *

Paid-up Capital	305420	Reserves and Surplus	14691498
Secured Loans	8401184	Unsecured Loans	NIL

** Do not include Deferred Tax Liabilities Rs.1,691,017*

Application of Funds

Net Fixed Assets	28575380	Investments	1869513
Net Current Assets	(5355774)	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of Company (Amount in Rs Thousands)

Turnover (Gross)	19600263	Total Expenditure	17313459
+ / – Profit/Loss before Tax	+ √ 1392035	+ / – Profit/Loss after Tax	+ √ 922071

(Please tick appropriate box + for Profit - for Loss)

Earning per Share in Rs

Basic	3.53	Dividend Rate %	100
Diluted	3.53		

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Product Description	Item Code No. (ITC Code)
i) Wire Ropes, Strands including Locked Coil Wire Rope	7312
ii) Wires	7217
iii) Wire Rods	7213

B. K. Jhawar
Chairman Emeritus

P. Jhawar
Chairman

R. Jhawar
Managing Director

Dr. P. Bhattacharya
Jt. Managing Director

Kolkata
10th May, 2010

A. K. Somani
Company Secretary

Statement giving financial information of subsidiary companies for the year ended 31st March, 2010 as required in the approval letter received from the Ministry of Corporate Affairs, New Delhi, under Section 212(8) of the Companies Act, 1956.

(Rs. in Thousand)

Sl. No.	Particulars	UM Cables Limited	Usha Martin Power & Resources Limited	Bharat Minex Private Limited	Usha Siam Steel Industries Public Company Limited	Usha Martin Americas Inc.	Brunton Wolf Wire Ropes FZCO	Usha Martin Singapore Pte. Limited	Usha Martin Australia Pty Limited	Usha Martin International Limited	De Ruiter Staalkabel BV Sliedrecht	Usha Martin UK Limited	Brunton Shaw UK Limited	European Management and Marine Corporation Limited	EMM Caspian Limited	EMM Kazakhstan Limited	P T Usha Martin Indonesia	Usha Martin Vietnam Company Limited
1	Share Capital	401,296.60	500.00	2,000.00	199,470.70	179,600.00	232,280.70	32,092.00	8,222.30	402,720.06	1,091.72	262,374.42	0.07	0.07	0.14	0.07	4,490.00	4,109.45
2	Reserves and Surplus	79,162.00	(60.50)	(1,073.66)	479,822.47	11,527.85	145,362.56	582,006.94	12,479.40	166,044.64	159,890.63	757,238.61	–	–	–	–	(53.65)	(3,377.14)
3	Liabilities (Note 1 below)	466,320.63	7.50	106.62	1,097,353.17	729,211.16	265,755.10	654,020.81	211,259.34	16,965.54	134,578.34	627,920.25	–	–	–	–	–	29,923.55
4	**Total Liabilities**	**946,779.23**	**447.00**	**1,032.96**	**1,776,646.34**	**920,339.01**	**643,398.36**	**1,268,119.74**	**231,961.03**	**585,730.24**	**295,560.69**	**1,647,533.28**	**0.07**	**0.07**	**0.14**	**0.07**	**4,436.35**	**30,655.86**
5	**Total Assets**	**946,779.23**	**447.00**	**1,032.96**	**1,776,646.34**	**920,339.01**	**643,398.36**	**1,268,119.74**	**231,961.03**	**585,730.24**	**295,560.69**	**1,647,533.28**	**0.07**	**0.07**	**0.14**	**0.07**	**4,436.35**	**30,655.86**
6	Investments - Long Term (excluding investments in subsidiaries)	–			–	–	–	–	–	–	–	–	–	–	–	–		–
7	Turnover (Net)	1,341,599.67	–	–	2,082,251.61	866,985.55	748,233.35	1,143,122.43	355,805.23	–	761,260.01	2,872,738.96	–	–	–	–	–	80,660.29
8	Profit/(Loss) before Taxation	72,568.70	(23.10)	(120.33)	147,047.00	52,835.76	64,384.27	122,485.92	39,053.13	52,226.48	75,689.65	245,593.43	–	–	–	–	(53.65)	(3,162.54)
9	Provision for Taxation	21,677.01	–	–	47,665.09	(20.25)	–	25,548.83	10,062.78	2,074.80	17,564.32	76,075.63	–	–	–	–	–	–
10	Profit/(Loss) after Taxation	50,891.69	(23.10)	(120.33)	99,381.91	52,856.01	64,384.27	96,937.09	28,990.35	50,151.68	58,125.33	169,517.80	–	–	–	–	(53.65)	(3,162.54)
11	Paid / Proposed Dividend	6,393.43	–	–	–	–	40,270.14	–	–	–	–	–	–	–	–	–		–
	Currency of the Subsidiaries	INR	INR	INR	BAHT	USD	AED	SGD	A $	GBP	EURO	GBP	GBP	GBP	GBP	GBP	USD	VND
	Exchange rate as on 31st March, 2010 (used for conversion CY Vs INR)				1.3949	44.9000	12.2253	32.0920	41.1115	68.1492	60.6509	68.1492	68.1492	68.1492	68.1492	68.1492	44.9000	0.0024

Notes :

1) Liabilities include Secured Loans, Unsecured Loans, Deferred Tax Liabilities and Current Liabilities.
2) UMICOR Africa (Pty) Limited, a wholly owned subsidiary is under liquidation process, hence has not been considered in the above statement.
3) The businesses of Brunton Shaw UK Limited, European Management and Marine Corporation Limited, EMM Caspian Limited and EMM Kazakhstan Limited have been taken over by Usha Martin UK Limited and are functioning as separate divisions.
4) During the year Usha Martin Singapore Pte Limited (UMSPL), a wholly owned subsidiary of the Company has formed Usha Martin West Coast, Inc., a Company incorporated in the United States of America as a wholly owned subsidiary of UMSPL, which has been dissolved.
5) 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: 10th May, 2010

B. K. Jhawar
Chairman Emeritus

P. Jhawar
Chairman

Consolidated Auditors' **Report**

Auditors' Report on the Consolidated Financial Statements of Usha Martin Limited

The Board of Directors of
Usha Martin Limited

1. We have audited the attached Consolidated Balance Sheet of **Usha Martin Limited** (the "Company") and its subsidiaries and its jointly controlled entities; hereinafter referred to as the "Group" (refer Note [2(a)] on Schedule 17 to the attached Consolidated Financial Statements) as at 31st March, 2010, the related Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the subsidiaries and the jointly controlled entities included in the Consolidated Financial Statements, which constitute total assets of Rs. 5,341,560 thousand and net assets of Rs. 3,691,970 thousand as at 31st March, 2010, the total revenue of Rs. 9,771,626 thousand, net profit of Rs. 3,890,708 thousand and net cash inflows amounting to Rs.49,316 thousand for the year ended 31st March, 2010. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the Consolidated Financial Statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, and Accounting Standard (AS) 27- Financial Reporting of Interests in Joint Ventures notified under sub-section 3C of Section 211 of the Companies Act, 1956.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached Consolidated Financial Statements subject to Note on Schedule 15 to accounts regarding managerial remuneration to the extent of Rs. 4,884 thousand for which approval of the Shareholders is yet to be obtained, give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;

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

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

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants

(S.K. Deb)
Partner
Membership Number - 13390

Kolkata
10th May, 2010

Consolidated Balance Sheet of Usha Martin Limited and its **subsidiaries** As at 31st March, 2010

(Rs. in Thousand)

	Schedule Reference	31st March, 2010		31st March, 2009	
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1	305,420		250,920	
Reserves and Surplus	2	16,569,824	16,875,244	11,111,393	11,362,313
Minority Interest			162,457		167,677
Loan Funds	3				
Secured Loans		9,672,574		16,446,936	
Unsecured Loans		285,249	9,957,823	265,805	16,712,741
Deferred Tax Liability (Net) [Note 12 on Schedule 17]			1,783,963		1,298,069
			28,779,487		29,540,800
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		37,039,869		24,377,342	
Less: Depreciation		11,194,226		10,081,979	
Impairment Loss		164,011		166,856	
Net Block		25,681,632		14,128,507	
Capital Work-in-progress		6,095,259	31,776,891	12,103,683	26,232,190
Investments	5		3,786		3,786
Current Assets, Loans and Advances					
Inventories	6	8,877,522		6,513,212	
Sundry Debtors	7	3,097,661		4,263,549	
Cash and Bank Balances	8	476,153		1,087,966	
Other Current Assets	9	361,221		286,488	
Loans and Advances	10	2,716,176		2,823,607	
		15,528,733		14,974,822	
Less:					
Current Liabilities and Provisions	11				
Liabilities		18,099,358		11,193,704	
Provisions		430,565		483,599	
		18,529,923		11,677,303	
Net Current Assets			(3,001,190)		3,297,519
Miscellaneous Expenditure					
(to the extent not written off or adjusted)					
Deferred Revenue Expenditure [Note 9 on Schedule 17]			–		7,305
			28,779,487		29,540,800
Notes on Accounts	17				

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

Schedules referred to above form an integral part of the Consolidated Balance Sheet

For PRICE WATERHOUSE
Firm Registration Number : 301112E
Chartered Accountants

(S. K. Deb)
Partner
Membership No. 13390

Kolkata
10th May, 2010

B. K. Jhawar
Chairman Emeritus

P. Jhawar
Chairman

R. Jhawar
Managing Director

Dr. P. Bhattacharya
Jt. Managing Director

A. K. Somani
Company Secretary

Consolidated Profit and Loss Account of Usha Martin Limited and its **subsidiaries** For the year ended 31st March, 2010

(Rs. in Thousand)

	Schedule Reference	2009-10		2008-09	
INCOME					
Turnover (Gross)			26,303,287		31,467,931
Less : Excise Duty			1,159,199		1,969,478
Turnover (Net)			25,144,088		29,498,453
Other Income	12		255,061		176,349
			25,399,149		29,674,802
EXPENDITURE					
Purchase of General Merchandise			59,684		36,347
Raw Materials Consumed	13		11,582,423		14,177,201
(Increase)/Decrease in Stock-in-Trade	14		(852,992)		(366,017)
Manufacturing, Selling and Administrative Expenses	15		9,860,903		10,684,480
Depreciation and Amortisation		1,328,292		1,109,151	
Less : Transferred from Fixed Assets Revaluation Reserve [Note 18(h) on Schedule 17]		33,626	1,294,666	22,975	1,086,176
Interest (Note 8 on Schedule 17)			1,255,038		1,421,519
Adjustments for Items Capitalised and Departmental Orders for own consumption			(200,973)		(170,810)
			22,998,749		26,868,896
Profit before Taxation and Minority Interest			2,400,400		2,805,906
Provision for Taxation	16		685,212		922,391
Profit after Taxation and before Minority Interest			1,715,188		1,883,515
Minority Interest			(28,990)		(30,157)
Profit after Taxation and Minority Interest			1,686,198		1,853,358
Profit brought forward from Previous year			1,320,783		1,011,192
Profit available for Appropriations			3,006,981		2,864,550
APPROPRIATIONS					
Transfer to General Reserve			500,000		1,250,000
Transfer to Capital Redemption Reserve			30,000		–
Proposed Dividend on Equity Shares			304,742		250,242
Provision for Dividend Tax (Refer Note 20 on Schedule 17)			50,794		43,525
Balance Carried to Balance Sheet			2,121,445		1,320,783
			3,006,981		2,864,550
Notes on Accounts	17				
Basic Earning per Equity Share of Re.1 each Rs.			6.46		7.41
Diluted Earning per Equity Share of Re.1 each Rs.			6.46		7.41
(Note 10 on Schedule 17)					

This is the Consolidated Profit and Loss Account referred to in our report of even date

Schedules referred to above form an integral part of the Consolidated Profit and Loss Account

For PRICE WATERHOUSE
Firm Registration Number : 301112E
Chartered Accountants

(S. K. Deb)
Partner
Membership No. 13390

Kolkata
10th May, 2010

B. K. Jhawar
Chairman Emeritus

P. Jhawar
Chairman

R. Jhawar
Managing Director

Dr. P. Bhattacharya
Jt. Managing Director

A. K. Somani
Company Secretary

Schedules to **Accounts**

(Rs. in Thousand)

		31st March, 2010		31st March, 2009	
1 SHARE CAPITAL					
Authorised					
500,000,000	Equity Shares of Re.1 each		500,000		500,000
10,000,000	Redeemable Cumulative Preference Shares of Rs.50 each		500,000		500,000
			1,000,000		**1,000,000**
Issued, Subscribed and Paid-up					
304,741,780	(Previous Year 250,241,780) Equity Shares of Re.1 each fully paid up [Note below]	304,742		250,242	
	Add: Shares Forfeited	678	305,420	678	250,920
			305,420		**250,920**

Note :

During the year the Company has issued and allotted 54,500,000 Equity Shares of Re.1 each fully paid up at a premium of Rs.84.90 (Aggregating Offer Price of Rs.85.90 per share) per share to Qualified Institutional Buyers in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, ranking pari passu in all respect with the existing Equity Shares.

	As at 31st March, 2009	Additions during the year	Transfer during the year	As at 31st March, 2010
2 RESERVES AND SURPLUS				
Capital Reserve	371,861	214 [Note 1 below]	–	372,075
Capital Redemption Reserve	343,081	30,000 [Note 2 below]	–	373,081
Fixed Assets Revaluation Reserve	270,504	151,459 [Note 3 below]	36,112 [Note 4 below]	385,851
Securities Premium Account	4,037,163	4,627,049 [Note 5 below]	104,908 [Note 6 below]	8,559,304
General Reserve	4,854,707	500,000	194,252 [Note 7 below]	5,160,455
Foreign Currency Translation Adjustment Account	(86,706)	(199,832)	–	(286,538)
Hedging Reserve Account	–	(115,849) [Note 7 below]	–	(115,849)
Profit and Loss Account	1,320,783	2,121,445	1,320,783	2,121,445
	11,111,393	**7,114,486**	**1,656,055**	**16,569,824**

Notes :

1. Arising on conversion of an erstwhile joint venture into a wholly owned subsidiary. (Refer Note 7(b) on Schedule 17)
2. Arising out of redemption of 300,000 Preference Shares of Rs.100 each by a wholly owned subsidiary company.
3. Refer Note 18(e) on Schedule 17.
4. Comprises withdrawals of Rs.33,626 on account of depreciation on the amount added on revaluation [Refer Note 18 (h) on Schedule 17], and Rs.2,486 on adjustment against Minority Interest.
5. Arising out of issue of Equity Shares at a premium to Qualified Institutional Buyers as indicated in Note on Schedule 1.
6. Represents adjustments of Share issue expenses (Refer Schedule 15).
7. Refer Note 1(h) on Schedule 17.

Schedules to **Accounts**

(Rs. in Thousand)

	31st March, 2010	31st March, 2009
3 LOANS		
Secured Loans		
Term Loans From -		
Financial Institution		
Rupee Loan	–	2,250,000
Banks		
Rupee Loans	2,586,000	3,589,583
Foreign Currency Loans	6,504,152	6,972,100
Body Corporate - Rupee Loan	53,250	74,550
Vehicle Loans from Banks	225	316
Working Capital Loans from		
Banks		
Rupee Loan	106,508	2,939,112
Foreign Currency Loans	421,553	620,968
Interest accrued and due on above	886	307
	9,672,574	**16,446,936**
Unsecured Loans		
Loans from		
Bodies Corporate (Short Term)		
Rupee Loan	16,375	16,375
Foreign Currency Loans	7,982	11,876
Banks (Short Term)		
Foreign Currency Loans	92,817	96,514
Financial Institution - Foreign Currency Loan	168,075	141,040
	285,249	**265,805**
	9,957,823	**16,712,741**

(Rs. in Thousand)

4 FIXED ASSETS

	GROSS BLOCK - at Cost / Valuation				DEPRECIATION AND AMORTISATION				IMPAIRMENT LOSS			NET BLOCK	
	As on 31st March, 2009	Additions during the year [Note (vii) below]	Sales / Adjustments during the year [Note (iii) below]	As on 31st March, 2010	As on 31st March, 2009	For the year	On Items Sold / Adjusted during the year [Note (iv) below]	Total up to 31st March, 2010	As on 31st March, 2009	On Items Sold / Adjusted during the year [Note (v) below]	As on 31st March, 2010	As on 31st March, 2010	As on 31st March, 2009
A. Tangible Assets													
Land and Site Development													
Freehold	913,016	131,013	10,978	1,033,051	–	–	–	–	–	–	–	1,033,051	913,016
Leasehold	186,113	7,883	–	193,996	11,321	2,316	–	13,637	–	–	–	180,359	174,792
Mining Lease and Development [Note (viii) below]	557,221	501,794	–	1,059,015	35,662	89,296	–	124,958	–	–	–	934,057	521,559
Buildings	3,292,649	713,042	66,810	3,938,881	843,571	108,630	16,508	935,693	1,068	535	533	3,002,655	2,448,010
Plant and Machinery	16,603,946	11,196,488	244,105	27,556,329	8,332,653	972,723	156,079	9,149,297	155,449	2,310	153,139	18,253,893	8,115,844
Aircraft	135,294	–	–	135,294	37,851	15,786	–	53,637	–	–	–	81,657	97,443
Railway Sidings	263,463	3,232	–	266,695	27,036	13,041	–	40,077	–	–	–	226,618	236,427
Electrical Installation	1,185,067	406,302	916	1,590,453	365,344	85,776	870	450,250	–	–	–	1,140,203	819,723
Water Treatment and Supply Plant	157,904	–	–	157,904	75,387	5,787	–	81,174	–	–	–	76,730	82,517
Office Equipment	123,474	27,447	11,876	139,045	88,257	5,002	7,316	85,943	–	–	–	53,102	35,217
Furniture and Fixtures	145,625	29,863	27,105	148,383	99,568	7,981	24,304	83,245	–	–	–	65,138	46,057
Vehicles	137,680	20,033	12,028	145,685	70,984	15,744	9,830	76,898	–	–	–	68,787	66,696
	23,701,452	**13,037,097**	**373,818**	**36,364,731**	**9,987,634**	**1,322,082**	**214,907**	**11,094,809**	**156,517**	**2,845**	**153,672**	**25,116,250**	**13,557,301**
B. Intangible Assets													
Goodwill													
Arising on Consolidation	563,780	–	309 [Note ix below]	563,471	–	–	–	–	10,339	–	10,339	553,132	553,441
Others	31,505	–	1,147	30,358	20,580	3,787	834	23,533	–	–	–	6,825	10,925
Computer Softwares (Acquired)	73,751	924	220	74,455	67,643	2,179	304	69,518	–	–	–	4,937	6,108
Technical Know–how	6,854	–	–	6,854	6,122	244	–	6,366	–	–	–	488	732
	675,890	**924**	**1,676**	**675,138**	**94,345**	**6,210**	**1,138**	**99,417**	**10,339**	**–**	**10,339**	**565,382**	**571,206**
Capital Work-in-progress												6,095,259	12,103,683
	24,377,342	**13,038,021**	**375,494**	**37,039,869**	**10,081,979**	**1,328,292**	**216,045**	**11,194,226**	**166,856**	**2,845**	**164,011**	**31,776,891**	**26,232,190**
Previous Year	21,511,585	2,757,644	(108,113)	24,377,342	8,959,403	1,109,151	(13,425)	10,081,979	165,174	(1,682)	166,856		

Notes :

i) Land and Buildings include Rs.101,709 (Previous Year Rs.96,250) in respect of which Deed of Conveyance, Registration and other formalities are yet to be completed.

ii) The net book value of the Group's fixed assets include Rs.5,008 (Previous Year Rs.3,371) in respect of assets held under finance leases and hire purchase contracts.

iii) Inclusive of Rs.189,052 (Net) [Previous Year Net of Rs.220,571 (Net)] on account of foreign exchange adjustment.

iv) Inclusive of Rs.73,611 (Net) [Previous Year Net of Rs. 84,497 (Net)] on account of foreign exchange adjustment.

v) Includes foreign exchange adjustment Rs.492 (Previous Year Rs.1,682).

vi) The year end gross block includes the following assets which are stated at valuation as indicated in Note 18(e) on Schedule 17 :

Schedules to **Accounts**

(Rs. in Thousand)

4 FIXED ASSETS (Contd...)

Assets	As on 31st March, 2010					As on 31st March, 2009				
	Rupees (Thousand)	Thai Baht (Thousand)	Rupees (Thousand)	Great Britain Pound (Thousand)	Total Rupees (Thousand)	Rupees (Thousand)	Thai Baht (Thousand)	Rupees (Thousand)	Great Britain Pound (Thousand)	Total Rupees (Thousand)
Land and Site Development	180,141	129,140	–	–	**180,141**	178,913	124,470	–	–	**178,913**
Buildings	224,313	160,806	75,237	1,104	**299,550**	208,577	145,107	80,293	1,104	**288,870**
Plant and Machinery	1,421,220	1,018,848	–	–	**1,421,220**	1,339,745	932,061	–	–	**1,339,745**
	1,825,674	**1,308,794**	**75,237**	**1,104**	**1,900,911**	**1,727,235**	**1,201,638**	**80,293**	**1,104**	**1,807,528**

vii) Includes amount added on revaluation Rs.151,459 (Previous Year Rs.12,049).

viii) Additions include Rs.106,103 (Previous Year Rs.106,103) towards provision for final mines closure expenditure pursuant to Rule 23 under Mineral Conservation and Development (Amendment Rules, 2003) as per Section 18 of the Mines and Minerals (Development and Regulation) Act, 1957. The depreciation for the current year includes Rs.17,739 (Previous Year Rs.1,384) on account of amortisation of the same.

ix) Arising on conversion of an erstwhile joint venture into a wholly owned subsidiary. (Refer Note 7(b) on Schedule 17)

	31st March, 2010	31st March, 2009
5 INVESTMENTS		
- At Cost or Under		
Long Term		
Unquoted		
Ordinary Shares in a company	2,785	2,785
Ordinary Shares in a subsidiary company [Refer Note 2(b) on Schedule 17]	–	–
Others	1,001	1,001
	3,786	3,786
Note:		
Current Investments acquired and sold during the year as under:		
Investments (Face Value of Rs.10 each)	Number of Units	Number of Units
- LIC Income Plus Fund - Daily Dividend Plan	100,674,935.406	–
- Cash Management Fund Treasury Advantage Plan - Wholesale - Daily Dividend	75,076,299.434	–
- Reliance Money Manager - Institutional Optional - Daily Dividend	752,482.287	–
- Floating Rate Income Fund Long Term Super Institutional - Daily Dividend Reinvestment	85,474,113.124	–
- India Treasury Fund - Super Institutional - Daily Dividend Reinvestment	50,234,073.988	–
- DWS Insta Cash Plus Fund Super Institutional Plan - Daily Dividend	50,211,604.562	–
- Fortis Money Plus Institutional Plan - Daily Dividend	45,239,099.909	–
- UTI Treasury Advantage Plan - Institutional Plan - Daily Dividend Reinvestment	200,939.653	–
- Ultra Short Term Plan Super Premium –Daily Dividend	20,003,677.281	–
- LIC Mutual Fund - Fixed Maturity Plan	–	50,000.000

6 INVENTORIES

	31st March, 2010	31st March, 2009
[Note 1(f) on Schedule 17]		
Stores and Spare Parts	500,238	471,080
Loose Tools	176,640	194,478
Raw Materials	2,672,281	1,238,735
Goods-in-Transit	607,163	502,056
Partly Finished Products	1,080,128	1,117,599
Stock-in-Trade @	3,895,358	3,042,366
	8,931,808	6,566,314
Deduct : Provision for slow moving items and diminution in realisable value	54,286	53,102
	8,877,522	6,513,212

@ Comprises Finished Products, Scrap and General Merchandise.

Schedules to **Accounts**

(Rs. in Thousand)

	31st March, 2010	31st March, 2009
7 SUNDRY DEBTORS		
Unsecured -		
Exceeding six months -		
Considered Good	126,281	46,875
Considered Doubtful	126,287	163,418
	252,568	210,293
Others -		
Considered Good	2,971,380	4,216,674
	3,223,948	4,426,967
Less : Provision for Doubtful Debts	126,287	163,418
	3,097,661	**4,263,549**

	31st March, 2010	31st March, 2009
8 CASH AND BANK BALANCES		
Cash in hand [including Drafts and Cheques of Rs.Nil ; (Previous Year Rs.2,513)]	3,283	6,854
Remittances-in-transit	35,206	–
Balances with Banks (Note below)	437,664	1,081,112
	476,153	**1,087,966**
Note : Includes balances held as / under :		
Collateral for issuing Bank Guarantee	12,222	9,023
Unpaid Dividend Accounts	4,780	3,660
	17,002	**12,683**

	31st March, 2010	31st March, 2009
9 OTHER CURRENT ASSETS		
Unsecured - Considered Good		
87,533, 6.6% Tax Free ARS Bonds of Rs. 100 each issued by the Administrator of the Specified Undertaking of the Unit Trust of India	–	8,753
[Under Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975]		
Miscellaneous Deposits	257,457	273,926
Others (Refer Note 17 on Schedule 17)	2,804	3,809
Derivative Assets	100,960	–
	361,221	**286,488**

	31st March, 2010	31st March, 2009
10 LOANS AND ADVANCES		
Unsecured -		
Considered Good (Unless indicated otherwise below)		
Advances recoverable in cash or in kind or for value to be received (including Rs.75,070 ; Previous Year Rs.67,919 considered doubtful)	2,026,627	2,283,332
Balance with Central Excise and Other Government Authorities	512,074	598,230
Accrued Interest	12,945	9,964
MAT Credit Entitlement	239,600	–
	2,791,246	2,891,526
Less : Provision for Doubtful Advances	75,070	67,919
	2,716,176	**2,823,607**

Schedules to **Accounts**

(Rs. in Thousand)

	31st March, 2010	31st March, 2009
11 CURRENT LIABILITIES AND PROVISIONS		
Liabilities		
Acceptances	12,138,938	7,244,414
Sundry Creditors	5,162,723	3,607,323
Sundry Advances from Customers	181,839	207,837
Derivative Liabilities	515,959	–
Deposits	22,669	18,117
Unpaid Dividend	4,780	3,660
Interest accrued but not due on Loans	71,871	111,619
Interest payable on Fixed Deposits and Debentures (Unclaimed Warrants issued but not encashed)	579	734
	18,099,358	11,193,704
Provisions		
Current Taxation (Net)	75,952	189,640
Fringe Benefit Tax (Net)	163	192
Proposed Dividend		
On Equity Shares	304,742	250,242
Tax on Dividends	49,708	43,525
	430,565	483,599
	18,529,923	11,677,303

	2009-10	2008-09
12 OTHER INCOME		
Income from Current Investments - Other than Trade		
- Dividend	28,905	9,188
Provision for Doubtful Debts, Advances and Stocks no longer required written back	80,872	13,241
Liabilities no longer required written back	82,947	72,814
Profit on Sale of Fixed Assets (Net)	2,130	1,497
Claims Received	1,443	5,391
Sale of Certified Emission Reduction (Carbon Credit)	38,573	41,259
Gain on Reversal of Impairment Loss (Net) [Refer Note 18(f) on Schedule 17]	1,049	–
Miscellaneous Income	19,142	32,959
	255,061	176,349
13 RAW MATERIALS CONSUMED		
Opening Stock		
Raw Materials	1,238,735	2,670,938
Partly Finished Products	1,117,599	987,157
	2,356,334	3,658,095
Add : Purchases	12,978,498	12,875,440
	15,334,832	16,533,535
Deduct : Closing Stock		
Raw Materials	2,672,281	1,238,735
Partly Finished Products	1,080,128	1,117,599
	11,582,423	14,177,201
14 (INCREASE)/DECREASE IN STOCK-IN-TRADE		
Opening Stock	3,042,366	2,676,349
Deduct : Closing Stock	3,895,358	3,042,366
	(852,992)	(366,017)

Schedules to **Accounts**

(Rs. in Thousand)

		2009-10	2008-09
15 MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES			
Salaries, Wages and Bonus		1,442,216	1,420,835
Contribution to Provident and Other Funds		127,767	112,172
Workmen and Staff Welfare Expenses		211,114	177,366
Consumption of Stores and Spare Parts		1,564,398	1,286,368
Power and Fuel		2,271,627	1,805,778
Repairs and Maintenance			
Buildings (Net)		113,889	104,999
Plant and Machinery		401,114	400,978
Others		23,910	18,372
Royalty		96,232	21,856
Rent		70,981	86,472
Hire Charges/Lease Rentals of Plant and Machinery		32,163	43,304
Rates and Taxes		45,543	21,594
Insurance		44,390	54,534
Commission to Selling Agents		80,179	95,758
Freight, Transport and Delivery		1,587,251	1,848,760
Directors' Remuneration (excluding perquisites and Contribution to Provident and Other Funds included in other heads) - Refer Note below		137,510	175,871
Travelling Expenses		53,472	61,755
Processing Charges		273,789	290,462
Brokerage and Discount on Sales		288,607	277,080
Write down in carrying value of land (Refer Note 17 on Schedule 17)		1,541	–
Finance Charges		19,536	20,685
Bad Debts and Advances written off	38,103		
Less : Written back of Provision from Doubtful Debts / Advances	20,479	17,624	14,932
Share Issue Expenses	104,908		
Less : Adjusted against Securities Premium Account (Schedule 2)	104,908	–	–
Exchange Loss/(Gain) (Net)		(504,374)	921,290
Loss on Derivative Contracts (Net)		89,059	–
Provisions for Doubtful Debts and Advances (Net)		31,641	118,373
Provisions for slow moving items and diminution in realisable value		43,918	29,453
Deferred Revenue Expenditure Written off		8,745	11,693
Excise Duty on Stocks, Replacements etc.		55,879	(24,042)
Material Handling Charges		731,076	618,297
Miscellaneous Expenses (Net)		500,106	669,485
		9,860,903	10,684,480

Note

Appointment and Remuneration aggregating Rs.4,884 paid/payable to two Executive Directors of the Company, are subject to the approval of the Shareholders in the ensuing General Meeting.

16 PROVISION FOR TAXATION		
Current Tax	198,047	1,139,514
(Net of MAT Credit Rs. 239,600 : Previous Year Rs. Nil)		
Deferred Tax Charge / (Release)	487,165	(229,073)
Fringe Benefit Tax	–	11,950
	685,212	922,391

17 NOTES ON ACCOUNTS

(Rs. in Thousand)

1. **Significant Accounting Policies**

The Financial Statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

a) **Fixed Assets**

Fixed Assets (comprising both tangible and intangible items) are stated at cost other than certain classes of assets of subsidiary companies which are stated at valuation (Refer Note 18 below). Cost comprises cost of acquisition, manufacture and subsequent improvements thereto including taxes and duties (net of credits and drawback), freight and other incidental expenses related to acquisition and installation. Preoperative expenses, where appropriate, are capitalised till the commercial use of the assets.

b) **Depreciation**

i) Depreciation (including amortisation) is provided under "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%

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.

ii) Leasehold Land is amortised over the tenure of respective leases.

iii) Mining Lease and Development is amortised over the tenure of lease or estimated useful life of the mine, whichever is shorter.

iv) Goodwill arising on acquisition is amortised over the estimated useful life of five years.

v) No depreciation is provided on assets which are being used for trial run.

vi) Certain Plants are considered to be continuous process plant based on technical evaluation.

vii) 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 Fittings	10% - 25%	10%, 15% , 25%
Office Equipment	10% - 25%	10%-12.5%, 25%, 100%
Vehicles	25.89%	10% - 25%
Aircraft	16.20%	
Computer	40%	

c) **Capital Work-In-Progress**

These are stated at cost and inclusive of preoperative expenses, project development expenses pending allocation and assets-in-transit.

d) **Impairment Loss**

An impairment loss 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.

e) **Investments**

Current investments i.e. investments which are expected to be liquidated within one year are treated as Current Assets and are valued at lower of cost and net realisable value. Long term investments are stated at cost or under and diminution in carrying amount, other than temporary, is written down/provided for.

f) **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.

g) **Transactions in Foreign Currencies**

Transactions in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the exchange rate prevailing on the balance sheet date. Foreign currency non-monetary items carried in terms

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

of historical cost are reported using the exchange rate at the date of transactions. Exchange differences arising on settlement of transactions and/ or restatements are dealt with in the Profit and Loss Account.

h) **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.

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 income over the life of contracts.

Effective April 1, 2009 the Group adopted Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India to the extent the adoption does not contradict with existing Accounting Standards and other authoritative pronouncements of the Companies Act, 1956 of India and other regulatory requirements. Accordingly net shortfall arising on fair valuation of outstanding option contracts and interest rate swaps as on April 1, 2009 has been adjusted against general reserves following transitional provisions.

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 profit and loss account upon the occurrence of the hedged transactions. Consequently, mark to market loss in respect of the interest rate swaps which qualify for hedge accounting, have been recognised directly in the Hedging Reserve Account, to be recognised in the profit and loss account when the underlying transactions occur.

The Company recognises gains or losses from changes in fair values of option contracts and interest rate swaps that are not designated as cash flow hedges in the profit and loss account in the period in which they arise.

In the previous years, option contracts and interest rate swaps were marked to market at the balance sheet date and loss was recognised in the profit and loss account. Moreover, premium on option contracts were amortised over the life of contract. Had the previous year's accounting policy been followed, the profit for the period would have been lower by Rs.397,336 with a corresponding impact on period end net worth.

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

i) **Revenue Recognition**

Income and Expenditure are recognised on accrual basis unless otherwise stated.

Revenue is recognised on completion of sale of goods, rendering of services and use of the Company's resources by third parties. Sales are recorded net of trade discount, sales return, rebates and sales taxes but including excise duties and export incentives.

Dividend income on investments is accounted for when the right to receive the payment is established.

Interest income is recognised on a prudent basis where there is reasonable certainty as to realisation.

j) **Employee Benefits :**

i) **Short-term Employees 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.

ii) **Post Employment Benefit Plans :**

Contributions under Defined Contribution Plans payable in keeping with the related scheme are recognised as expenses for the year. For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Account 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. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

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

The cost of providing long-term employee benefits is generally determined using Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Profit and Loss Account for the period in which they occur. Other long term employee benefit obligation recognised in the Balance Sheet

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

represents the present value of related obligation.

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

l) **Deferred Revenue Expenditure**
Compensation under Voluntary Retirement Schemes is amortised over a period (not exceeding five years following the year in which it is incurred) over which the benefits are estimated to accrue.

m) **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.

n) **Government Grants**
Government grants of the nature of promoters' contribution are credited to Capital Reserve.

Government grants related to specific fixed asset 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 Profit and Loss Account over the periods necessary to match them with their related costs.

o) **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.

p) **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.

q) **Prior Period and Extraordinary Items and Changes in Accounting Policies**
Prior period and Extraordinary Items and changes in Accounting Policies having material impact on the financial affairs of the Group are disclosed.

r) **Material Events**
Material Events occurring after the Balance Sheet date are taken into cognisance.

s) **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 Companies Act, 1956 of India (the 'Act') and are prepared as set out below :

- 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.
- 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.
- 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.
- 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.

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

- 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.

- 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.
- The translation of the functional currencies into Indian Rupees (reporting currency) is performed for equity in the foreign subsidiaries, assets and liabilities using the closing exchange rates at the balance sheet date, for revenues, costs and expenses using average exchange rates prevailing during the year. The resultant exchange difference arising out of such transactions is recognised as part of equity (Foreign Currency Translation Adjustment Account) by the Parent Company until the disposal of investment.

ii) Investments in Joint Ventures (i.e. jointly controlled entities) are accounted in accordance with AS-27 on Financial Reporting of Interest in Joint Ventures, prescribed under the Act, using proportionate consolidation principles based on the financial statements of the respective entities.

2. a) The Consolidated Financial Statements comprise the financial statements of the Parent Company and its subsidiary and joint venture companies as detailed below :

Name of the Company	Country of Incorporation	Proportion of Ownership Interest As at 31st March, 2010	Proportion of Ownership Interest As at 31st March,2009
i) Subsidiary			
Domestic :			
UM Cables Limited	India	100%	100%
Usha Martin Power and Resources Limited	India	99.88%	99.88%
Bharat Minex Private Limited (BMPL) [Refer Note 7(b) below]	India	100%	–
Overseas :			
Usha Martin International Limited	United Kingdom	100%	100%
Usha Martin UK Limited	United Kingdom	100%	100%
European Management and Marine Corporation Limited	United Kingdom	100%	100%
EMM Caspian Limited	United Kingdom	100%	100%
EMM Kazakhstan Limited	United Kingdom	100%	100%
Brunton Shaw UK Limited	United Kingdom	100%	100%
De Ruiter Staalkabel B.V.	Netherlands	100%	100%
Brunton Wolf Wire Ropes FZCO.	Dubai	60%	60%
Usha Martin Americas Inc.	United States of America	100%	100%
Brunton Shaw Americas Inc. [Refer Note 7(c) below]	United States of America	–	100%
Usha Siam Steel Industries Public Company Limited [Refer Note 7(a) below]	Thailand	97.98%	97.85%
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 [Refer Note 7(d) below]	Indonesia	100%	–
Usha Martin West Coast Inc. [Refer Note 7(d) below]			
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 System Limited (CCLUMSSL)	India	49.99%	49.99%
Dove Airlines Private Limited (DAPL)	India	50%	50%
Bharat Minex Private Limited (BMPL)	India	–	50%

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

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

3. 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	GWSCL	CCLUMSSL	DAPL	BMPL
ASSETS as at 31st March, 2010					
Fixed Assets (Net Block)	**151,232**	**–**	**488**	**82,552**	**–**
	152,763	–	732	98,614	–
Capital Work-in-Progress	**1,437**	**–**	**–**	**–**	**–**
	–	–	–	–	–
Current Assets, Loans and Advances					
– Inventories	**18,896**	**–**	**278**	**–**	**–**
	16,924	–	440	–	–
– Sundry Debtors	**13,032**	**9,538**	**625**	**734**	**–**
	8,860	12,698	630	3,124	–
– Cash and Bank Balances	**681**	**407**	**1,581**	**17,049**	**–**
	347	1,197	2,373	17,728	580
– Other Current Assets	**470**	**1,225**	**–**	**1,124**	**–**
	470	1,225	–	10	–
– Loans and Advances	**15,132**	**8,401**	**334**	**1,335**	**–**
	16,158	2,058	378	2,283	–
Total	**200,880**	**19,571**	**3,306**	**102,794**	**–**
	195,522	17,178	4,553	121,759	580
LIABILITIES as at 31st March, 2010					
Shareholders' Funds-Reserve and Surplus	**(34,135)**	**(417)**	**(1,276)**	**333**	**–**
	(26,205)	(1,039)	(1,116)	(4,218)	(476)
Deferred Tax Liability	**–**	**–**	**–**	**52**	**–**
	–	–	–	–	–
Loan Fund					
– Secured Loan	**76,428**	**–**	**–**	**53,250**	**–**
	80,033	–	–	74,550	–
– Unsecured Loan	**–**	**7,982**	**–**	**16,375**	**–**
	3,894	7,982	–	16,375	–
Current Liabilities and Provisions					
– Liabilities	**6,765**	**6,519**	**117**	**1,060**	**–**
	21,617	4,371	1,191	3,535	56
– Provisions	**(178)**	**(1,863)**	**(267)**	**(776)**	**–**
	183	(1,486)	(254)	(983)	–
Total	**48,880**	**12,221**	**(1,426)**	**70,294**	**–**
	79,522	9,828	(179)	89,259	(420)
INCOME for the year 2009-2010					
Sales/Operating Income	**62,145**	**4,716**	**1,752**	**44,512**	**–**
	22,486	5,443	3,376	45,588	–
Other Income	**204**	**–**	**393**	**–**	**–**
	162	23	–	548	–
Total	**62,349**	**4,716**	**2,145**	**44,512**	**–**
	22,648	5,466	3,376	46,136	–

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

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	GWSCL	CCLUMSSL	DAPL	BMPL
EXPENSES for the year 2009-2010					
Raw Material Consumed	**32,551**	**–**	**1,036**	**–**	**–**
	16,777	–	2,146	–	–
(Increase)/Decrease in Stock-in-trade	**1,022**	**–**	**–**	**–**	**–**
	(2,515)	–	–	–	–
Manufacturing, Selling and Administrative Expenses	**21,084**	**3,919**	**1,106**	**17,190**	**–**
	14,590	4,959	1,256	15,523	167
Depreciation	**7,507**	**–**	**244**	**16,062**	**–**
	7,261	–	244	19,149	–
Interest	**8,115**	**–**	**(93)**	**5,715**	**–**
	8,740	1	(227)	11,262	–
Total	**70,279**	**3,919**	**2,293**	**38,967**	**–**
	44,853	4,960	3,419	45,934	167
RESULTS					
Profit/(Loss) before Taxation	**(7,930)**	**797**	**(148)**	**5,545**	**–**
	(22,205)	506	(43)	202	(167)
Current Tax	**–**	**175**	**12**	**942**	**–**
	–	560	–	21	–
Fringe Benefit Tax	**–**	**–**	**–**	**–**	**–**
	30	1	–	59	–
Deferred Tax	**–**	**–**	**–**	**52**	**–**
	–	–	–	–	–
Profit/(Loss) after Taxation	**(7,930)**	**622**	**(160)**	**4,551**	**–**
	(22,235)	(55)	(43)	122	(167)
Profit/(Loss) brought forward from Previous Year	**(26,205)**	**(1,039)**	**(1,116)**	**(4,218)**	**–**
	(3,970)	(984)	(1,073)	(4,340)	(309)
Balance carried to Balance Sheet	**(34,135)**	**(417)**	**(1,276)**	**333**	**–**
	(26,205)	(1,039)	(1,116)	(4,218)	(476)
Share of Bank Guarantees Outstanding @	**938**	**–**	**807**	**16,535**	**–**
	–	–	807	16,450	–
Share of Custom Duty demand not	**–**	**–**	**–**	**65,591**	**–**
acknowledged as debts	–	–	–	–	–

@ Not included in Note 4 below

Figures in normal type relate to previous year

4. **There are Contingent Liabilities in respect of :**
   a) Bank Guarantees outstanding Rs.494,696 (Previous Year Rs.379,416)
   b) Demand for Sales Tax amounting to Rs.7,963 (Previous Year Rs.2,374) for earlier years not acknowledged as debts and in respect of which appeal has been preferred before appropriate authorities.
   c) Demand for Excise Duty and Service Tax Rs.134,982 (Previous Year Rs.40,979) not acknowledged as debts and in respect of which appeal has been preferred before appropriate authorities.
   d) Demand for Customs Duty Rs.60,219 (Previous year Rs.60,009) not acknowledged as debts and in respect of which the Group has preferred appeal before the appropriate authorities.
   e) Demand for interest Rs.Nil (Previous Year Rs.11,434) for non-payment of Excise Duty on electricity raised by Bihar State Electricity Board not admitted and which is subjudice.

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

f) Other Claims not acknowledged as debts Rs.76,079 (Previous Year Rs.51,122).

g) Bills discounted with banks Rs.338,476 (Previous Year Rs. 615,535) including against Letter of Credit Rs. 329,942 (Previous Year Rs.571,527)

h) Demand for Wealth Tax Rs.Nil (Previous Year Rs. 569)

i) Demand for Income Tax not acknowledged as debts Rs.55,496 (Previous Year Rs. Nil)

5. Outstanding Capital Commitments are estimated at Rs.1,232,119 (net of advance) (Previous Year Rs.2,468,874)

6. During the year, the Group commenced initially trial run and then commercial production at the Direct Reduced Iron Plants Unit-II & Unit-III, Steel Melting Shop Unit-III, Bloom Mill, 30 MW Captive Power Plant at its Usha Alloys and Steel Division and Bright Bar Unit at Speciality Product Division South at Sriperumbudur, Chennai. Total capitalisation of Rs.10,802,459 against these projects include following trial run expenses (net).

Raw Materials Consumed	752,591
Consumption of Stores and Spares Parts	145,164
Repairs and Maintenance (Plant & Machinery)	19,441
Material Handling Charges	34,878
Power and Fuel	337,210
Salaries, Wages and Bonus (Net)	1,516
Other Expenses	3,874
Total (A)	**1,294,674**
Sales during trial run (net of excise duty)	563,284
Closing stock out of trial run production	329,794
Total (B)	**893,078**
Net Trial Run Expenses (A-B)	**401,596**

7. a) During the year, pursuant to issuance of 810,405 common shares of Thai Baht 10 per value, by a subsidiary to another wholly owned subsidiary, the ownership interest of the Group therein has been increased from 97.85% to 97.98% resulting in reduction of Minority Interest in keeping with the accounting policy set out in Note 1(s) above.

b) During the year the Group has purchased 100,000 Equity Shares of face value of Rs.10 each of Bharat Minex Private Limited (BMPL), an erstwhile Joint Venture Company of the Group from BHP Minerals Holding Pty. Limited with effect from 23rd September, 2009 for a consideration of AUD 1 (equivalent to Rs.41), making it a wholly owned subsidiary of the Group and accordingly the financial statements of BMPL have been considered in these Consolidated Statements.

c) During the year the Brunton Shaw Americas Inc, a wholly owned subsidiary of the Group has been merged with Usha Martin Americas Inc (UMAI), another wholly owned subsidiary of the Group with effect from 1st April, 2009 and accordingly the financial statements of UMAI have been considered in these Consolidated Statements.

d) During the year the Usha Martin Singapore Pte. Limited, a wholly owned subsidiary has formed (i) PT Usha Martin Indonesia (PTUMI), a company incorporated in Indonesia with effect from 27th July, 2009 and (ii) Usha Martin West Coast Inc (UMWCI), a company incorporated in United States of America with effect from 3rd September, 2009 which has been dissolved on 26th February, 2010, accordingly the financial statements of PTUMI has been considered in these Consolidated Financial Statements.

8. **Interest is made up as follows :**

	2009-10	2008-09
Interest Expenses	1,348,479 *	1,465,477
Less : Interest Recovered	93,441	43,958
	1,255,038	**1,421,519**

* Net of interest capitalisation Rs. 574,332 (Previous Year Rs.493,224)

9. Deferred Revenue Expenditure represents compensation under voluntary retirement scheme Rs.Nil (Previous Year Rs.7,305)

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

10. **Computation of Earning per Equity Share (Basic and Diluted)**

	2009-10	2008-09
I. Basic		
a) i) Number of Equity Shares at the beginning of the year	250,241,780	250,241,780
ii) Number of Equity Shares issued during the year	54,500,000	–
iii) Number of Equity Shares at the end of the year	304,741,780	250,241,780
iv) Weighted average number of Equity Shares outstanding during the year	260,843,150	250,241,780
v) Face Value of each Equity Share - Re.	1	1
b) Profit after tax attributable to Equity Shareholders of the Parent Company		
Profit after Taxation and Minority Interest	1,686,198	1,853,358
	1,686,198	**1,853,358**
Basic Earning Per Share [(b) / (a)(iv)] - Rs.	6.46	7.41
II. Diluted		
a) i) Number of Potential Equity Shares at the beginning of the year	–	38,500,000
ii) Number of Potential Equity Shares forfeited during the year	–	38,500,000
iii) Number of Potential Equity Shares at the end of the year	–	–
iv) Weighted Average number of Dilutive Potential Equity Shares outstanding during the year	–	–
v) Weighted Average number of Equity Shares considered in computation of Diluted Earnings per Share [I (a)(iv) + II (a)(iv)]	260,843,150	250,241,780
b) Diluted Earning Per Share [I (b) / II(a)(v)] - Rs.	6.46	7.41

11. Depreciation for the year and year-end Accumulated Depreciation includes approximately Rs.203,958 (Previous Year Rs.205,080) and Rs.1,648,172 (Previous Year Rs.1,644,418) respectively computed by certain subsidiaries and a joint venture company applying different depreciation method/rates as set out in Note 1(b)(vii) above. Had the depreciation method / rates of the Parent Company been followed by such subsidiaries and a joint venture company, the impact thereof on depreciation charge for the year and year-end accumulated depreciation are not ascertainable at this stage.

12. **Year-end Deferred Tax balance comprises the following :**

	As at 31st March, 2010	As at 31st March, 2009
Timing Difference resulting in liabilities / (assets) on account of :		
Depreciation as per tax law and books	2,155,212	1,613,690
Unabsorbed tax depreciation / loss *	(224,673)	(2,084)
Disallowances allowable for tax purpose on payment	(37,288)	(29,048)
Provision for doubtful debts and advances	(58,224)	(57,669)
Exchange loss pertaining to fixed assets as per tax law and books	(47,728)	(224,471)
Deferred Revenue Expenditure	(2,219)	(953)
Others	(1,117)	(1,396)
Deferred Tax Liability (Net)	**1,783,963**	**1,298,069**

* Absorption expected based on future Taxable Income.

Note :

Deferred Tax charge/(credit) for the year includes exchange gain of Rs.1,271 [Previous year Rs.1,255 (gain)] on account of re-instatement of year-end deferred tax assets and liabilities.

13. **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, 2010		As at 31st March, 2009	
	Lease Rent	Operation and Maintenance Charges	Lease Rent	Operation and Maintenance Charges
Up to one year	121,821	29,607	116,844	27,025
More than one year and up to five years	376,011	117,646	379,385	117,646
More than five years.	511,060	137,125	600,502	166,733

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

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

	2009-10	2008-09
Lease Rent	119,948	104,287
Operation and Maintenance Charges	27,813	24,112
Escalation Charges and Taxes	25,837	18,591
Total	**173,598**	**146,990**

b) The Group has entered into cancellable operating leases and transactions for leasing of accommodation for office spaces, employees' residential accommodations etc. Tenure of leases generally vary between 1 and 3 years. Terms of the lease include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rentals aggregating Rs.16,027 (Previous Year Rs.14,660) have been debited to Profit and Loss Account for the year.

14. Segment Information for the year ended 31st March, 2010

A. Primary Segment Reporting (by Business Segments)

I. Composition of Business Segments

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

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

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

II Inter Segment Transfer Pricing

Inter Segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for the Group.

III Segment Revenues, Results and Other Information

	Steel	Wire and Wire Ropes	Others	Total of Reportable Segment
External Sales *	**7,582,523**	**16,221,265**	**1,340,300**	**25,144,088**
	8,851,162	18,443,813	2,203,478	29,498,453
Inter Segment Sales *	**5,622,842**	**67,995**	**1,300**	**5,692,137**
	6,896,759	85,076	–	6,981,835
Other Income	**111,590**	**95,874**	**14,055**	**221,519**
	89,201	58,815	15,942	163,958
Segment Revenues	**13,316,955**	**16,385,134**	**1,355,655**	**31,057,744**
	15,837,122	18,587,704	2,219,420	36,644,246
Segment Result	**815,915**	**2,744,526**	**112,735**	**3,673,176**
	2,431,198	3,078,107	39,557	5,548,862
Segment Assets	**31,633,951**	**13,917,713**	**1,073,261**	**46,624,925**
	24,803,877	14,205,835	1,133,810	40,143,522
Segment Liabilities	**13,584,400**	**4,789,932**	**471,900**	**18,846,232**
	8,284,761	4,059,198	510,261	12,854,220
Capital Expenditure	**5,531,358**	**1,273,466**	**119**	**6,804,943**
	8,370,203	1,418,813	6,043	9,795,059
Depreciation	**802,925**	**421,573**	**60,572**	**1,285,070**
	592,149	385,021	97,999	1,075,169
Non cash expenses other than depreciation	**17,883**	**77,193**	**9,179**	**104,255**
	11,221	146,133	5,091	162,445

* Net of excise duty

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

IV Reconciliation of Reportable Segments with the Financial Statements

	Revenues	Results/Net Profit	Assets	Liabilities @
Total of Reportable Segments	**31,057,744**	**3,673,176**	**46,624,925**	**18,846,232**
	36,644,246	5,548,862	40,143,522	12,854,220
Corporate - Unallocated (Net)	**33,542**	**(17,738)**	**684,485**	**11,425,477**
	12,391	(1,321,437)	1,074,581	16,833,893
Inter Segment Sales	**(5,692,137)**	**–**	**–**	**–**
	(6,981,835)	–	–	–
Interest (Net)	**–**	**(1,255,038)**	**–**	**–**
	–	(1,421,519)	–	–
Provision for Taxation				
- Current	**–**	**(437,647)**	**–**	**–**
	–	(1,139,514)	–	–
- MAT Credit	**–**	**239,600**	**–**	**–**
	–	–	–	–
- Fringe Benefit	**–**	**–**	**–**	**–**
	–	(11,950)	–	–
- Deferred	**–**	**(487,165)**	**–**	**–**
	–	229,073	–	–
As per Financial Statements	**25,399,149**	**1,715,188**	**47,309,410**	**30,271,709**
	29,674,802	1,883,515	41,218,103	29,688,113
		@@		

@ Excluding Shareholders' Funds and Minority Interest

@@ Profit After Taxation and before Minority Interest.

B. Secondary Segment Reporting (by Geographical Segments)

	Within India	Outside India	Total
Revenues - External	**14,693,661**	**10,671,947**	**25,365,607**
	17,019,537	12,642,874	29,662,411
Total Assets	**40,064,175**	**6,560,750**	**46,624,925**
	33,383,984	6,759,538	40,143,522
Capital Expenditure	**6,241,548**	**563,395**	**6,804,943**
	9,637,981	157,078	9,795,059

Figures in normal type relates to previous year

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

i) Related Parties

Name	Relationship
Mr. Rajeev Jhawar, Managing Director	Key Management Personnel
Dr. P Bhattacharya, Joint Managing Director	-do-
Dr. Vijay Sharma, Executive Director (w.e.f 01-02-2010)	-do-
Mr. P. K. Jain, Executive Director (w.e.f 01-02-2010)	-do-
Mr. Brij K Jhawar	Relative of a Key Management Personnel
Mrs. Shanti Devi Jhawar	-do-
Mrs. Susmita Jhawar	-do-
Ms. Stuti Jhawar	-do-
Ms. Shreya Jhawar	-do-
Ms. Amisha Jhawar	-do-

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

ii) Particulars of Transactions during the year ended 31st March, 2010

Name and Relationship	Transactions during the year		Balance outstanding at the year end	
	Dividend Paid	Directors' Remuneration	Directors' Commission Paid (Net of tax deducted at source)	Sundry creditors
Key Management Personnel and Relatives				
Mr. Rajeev Jhawar	**185**	**39,387**	**31,864**	**30,083**
	185	54,471	27,128	46,112
Dr. P. Bhattacharya	**–**	**22,599**	**15,932**	**15,041**
	–	31,320	13,564	23,056
Dr. Vijay Sharma	**–**	**2,884**	**–**	**625**
	–	–	–	–
Mr. P. K. Jain	**–**	**2,000**	**–**	**400**
	–	–	–	–
Mr. Brij K Jhawar	**125**	**840**	**1,256**	**800**
	125	1,445	1,186	1,400
Mrs. Shanti Devi Jhawar	**238**	**–**	**–**	**–**
	238	–	–	–
Mrs. Susmita Jhawar	**133**	**–**	**–**	**–**
	133	–	–	–
Ms. Stuti Jhawar	**163**	**–**	**–**	**–**
	163	–	–	–
Ms. Shreya Jhawar	**91**	**–**	**–**	**–**
	91	–	–	–
Ms. Amisha Jhawar	**184**	**–**	**–**	**–**
	184	–	–	–
Total	**1,119**	**67,710**	**49,052**	**46,949**
	1,119	87,236	41,878	70,568

Figures in normal type relate to previous year.

16. The future obligation under finance lease and hire purchase agreements amounts to Rs.2,793 (Previous Year Rs 2,271).

17. Other Current Assets - Others represent land valued at Rs.2,804 (Thai Baht 2,010 thousand) [Previous Year Rs.3,809 (Thai Baht 3,100 thousand)], at the current exchange rate, which is not used in operations. During the year 2003-04, the carrying amount of such Land had been written down by Rs. 3,089 (Thai Baht 2,736 thousand) based on an appraisal carried out by an independent valuer. Further during the year, the carrying amount of such Land has again been written down by Rs.1,541 [Thai Baht 1090 thousand] based on an appraisal carried by an independent valuer.

18. 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.156,441 [Thai Baht 112,150 thousand] [Previous Year Rs.161,204 (Thai Baht 112,150 thousand)] 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.227,012 [Thai Baht 162,741 thousand] [Previous Year Rs.233,924 (Thai Baht 162,741 thousand)] and Rs.23,375 [Great Britain Pound 343 thousand] [Previous Year Rs.24,946 (Great Britain Pound 343 thousand)] 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

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

increase (at the current exchange rates) of Rs.43,930 [Great Britain Pound 645 thousand] [Previous Year Rs.46,822 (Great Britain Pound 645 thousand)] 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.12,342 (Thai Baht 8,848 thousand), [Previous Year Rs.12,049 (Thai Baht 8,848 thousand)] 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 have been appraised during the year by an independent appraiser using Market Approach basis. The resultant increases (at the current exchange rate), as set out below have been added to the carrying amount of respective assets and credited to the Fixed Assets Revaluation Reserve.

	Amount added on Revaluation	
Assets	Thai Baht (Thousand)	Indian Rupees (Thousand)
Land	4,670	6,600
Buildings	15,699	22,190
Machinery	86,787	122,669
Total	**107,156**	**151,459**

f) On the appraisal, [referred to in 18(e) above] there has been impairment loss as well as gain on reversal of impairment loss as indicated below :

Assets	Thai Baht (Thousand)	Indian Rupees (Thousand)
Certain Plant and Machinery		
Impairment loss	1,070	1,512
Gain on Reversal of Impairment Loss	(1,451)	(2,051)
Certain Buildings		
Gain on Reversal of Impairment Loss	(360)	(510)
Net Gain	**(741)**	**(1,049)**

g) During the year certain Plant and Machinery of a subsidiary has been sold and accumulated impairment loss of Rs.1,304 (Previous Year Rs. Nil) [Thai Baht 923 thousand ; (Previous Year Rs.Nil ; Thai Baht Nil) was reversed and adjusted against loss on sale of such assets.

h) Depreciation charge of Rs.33,626 (Previous Year Rs. 22,975) for the year, which is attributable to amount added on revaluation as indicated in paragraphs (b), (c), (d) and (e) above, has been adjusted by way of transfer from Revaluation Reserve.

19. Employee Benefits

I) Post Employment Defined Contribution Plans

During the year an amount of Rs.50,802(Previous Year Rs.56,749) has been recognised as expenditure towards Defined Contribution Plans of the Group.

II) Post Employment Defined Benefit Plans

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.

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

Liabilities with regard to the aforesaid gratuity plans are determined by actuarial valuation as set out in Note 1 (j) (ii) above, based upon which, the respective entities make contributions to the employees' gratuity funds.

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 (j) (ii) above.

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(j)(ii) 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	For the year ended 31st March, 2010			For the year ended 31st March, 2009			For the year ended 31st March, 2008		
	Gratuity (Funded)	Gratuity (Unfunded)	Retirement Compensation (Unfunded)	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	248,200	2,607	58,812	235,352	1,036	50,453	231,945	688	52,451
Actuarial adjustment to above	–	–	–	–	13	–	–	–	–
Current Service Cost	9,674	987	7,170	7,622	1,045	6,686	7,339	363	6,032
Interest Cost	18,839	176	4,570	17,578	89	4,263	19,046	44	4,070
Actuarial (Gains)/ Losses	39,949	(62)	(10,177)	19,029	625	(2,094)	(538)	173	(8,746)
Benefits Paid	(25,433)	(466)	(1,405)	(31,381)	(201)	(496)	(22,440)	(232)	(3,354)
Present Value of Obligation at the end of the year	**291,229**	**3,242**	**58,970**	**248,200**	**2,607**	**58,812**	**235,352**	**1,036**	**50,453**
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	226,062	Not	Not	227,836	Not	Not	178,500	Not	Not
Expected Return on Plan Assets	18,100	applicable as	applicable as	18,204	applicable as	applicable as	14,330	applicable as	applicable as
Actuarial Gains/ (Losses)	3,141	the Scheme	the Scheme	1,837	the Scheme	the Scheme	3,185	the Scheme	the Scheme
Contributions	23,130	is unfunded	is unfunded	9,566	is unfunded	is unfunded	54,261	is unfunded	is unfunded
Benefits Paid	(25,433)			(31,381)			(22,440)		
Fair Value of Plan Assets at the end of the year	**245,000**			**226,062**			**227,836**		

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

Description	For the year ended 31st March, 2010			For the year ended 31st March, 2009			For the year ended 31st March, 2008		
	Gratuity (Funded)	Gratuity (Unfunded)	Retirement Compensation (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Retirement Compensation (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Retirement Compensation (Unfunded)
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	291,229	3,242	58,970	248,200	2,607	58,812	235,352	1,036	50,453
Fair Value of Plan Assets at the end of the year	245,000	–	–	226,062	–	–	227,836	–	–
Assets/ (Liabilities) recognised in the Balance Sheet	**(46,229)**	**(3,242)**	**(58,970)**	**(22,138)**	**(2,607)**	**(58,812)**	**(7,516)**	**(1,036)**	**(50,453)**
d) Expense recognised in the Profit and Loss Account									
Current Service Cost	9,674	987	7,170	7,622	1,045	6,686	7,339	363	6,032
Interest Cost	18,839	176	4,570	17,578	89	4,263	19,046	44	4,070
Expected Return on Plan Assets	(18,100)	–	–	(18,204)	–	–	(14,330)	–	–
Actuarial (Gains)/ Losses	36,808	(62)	(10,177)	17,192	625	(2,094)	(3,723)	173	(8,746)
Total Expense recognised	**@ 47,221**	**@ 1,101**	**# 1,563**	**@ 24,188**	**@ 1,759**	**# 8,855**	**@ 8,332**	**@ 580**	**# 1356**
@ Recognised under Contribution to Provident and Other Funds in Schedule 15.									
# Recognised under Salaries, Wages and Bonus in Schedule 15									
e) Category of Plan Assets :									
Fund with LIC	238,016	Not	Not	219,585	Not	Not	221,547	Not	Not
Fund with SBI Life Insurance	2,909	applicable as	applicable as	2,669	applicable as	applicable as	2,423	applicable as	applicable as
Fund with HDFC Standard Life	2,970	the Scheme	the Scheme	2,740	the Scheme	the Scheme	2,771	the Scheme	the Scheme
Others (including bank balances)	1,105	is unfunded	is unfunded	1,068	is unfunded	is unfunded	1,095	is unfunded	is unfunded
Total	**245,000**			**226,062**			**227,836**		
f) Actual Return on Plan Assets	**21,241**			**20,040**			**17,515**		
g) Principal Actuarial Assumptions									
Discount Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.50%	8.50%	8.50%
Salary Escalation	6% / 5%	10% / 12%	3.00%	5% / 5.56%	10% / 12%	3.00%	5% / 5.56%	10.00%	5.00%
Expected Return on Asset	8.00%	Not Applicable	Not Applicable	8% / 8.50%	Not Applicable	Not Applicable	8% / 8.25%	Not Applicable	Not Applicable

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.

h) Contributions towards provident funds are recognised as expense. Provident fund contributions in respect of employees of the Parent Company are made to Trusts administered by the Parent Company and such Trusts invest funds following a pattern of investments prescribed by the

Schedules to **Accounts**

17 NOTES ON ACCOUNTS *(Contd...)* *(Rs. in Thousand)*

Government of India. 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 of India 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 company is treated as a defined benefit plan in view of the Company's obligation to meet interest shortfall, if any. However, there is no such interest shortfall at the year-end. The Actuary has expressed his inability to provide an actuarial valuation of the provident fund liability as at the year-end in the absence of any guidance from the Actuarial Society of India.

Accordingly, complete information required to be considered as per AS 15 in this regard are not available and the same could not be disclosed. During the year, the Parent Company has contributed Rs.25,397 (Previous year Rs.21,150) to the Provident Fund.

20. Provision for Dividend Tax include Rs.1,086 (Previous Year Rs.996) pertaining to Inter Group Dividend.

21. Figures for the previous year have been regrouped/ rearranged wherever necessary. However, in view of formation of a joint venture and two subsidiary companies referred to in Notes 2 and 7 above respectively, current year figures are not comparable with the previous year.

Signatures to Schedule 1 to 17.

For PRICE WATERHOUSE
Firm Registration Number : 301112E
Chartered Accountants

(S. K. Deb)
Partner
Membership No. 13390

Kolkata
10th May, 2010

B. K. Jhawar
Chairman Emeritus

P. Jhawar
Chairman

R. Jhawar
Managing Director

Dr. P. Bhattacharya
Jt. Managing Director

A. K. Somani
Company Secretary

Consolidated Cash Flow Statement of Usha Martin Limited and its **subsidiaries** For the year ended 31st March, 2010

(Rs. in Thousand)

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Taxation and Minority Interest		2,400,400		2,805,906
Adjustments for :				
Depreciation and Amortisation	1,294,666		1,086,176	
Interest (Net)	1,255,038		1,421,519	
Finance Charges	19,536		20,685	
Profit on Sale of Fixed Assets (Net)	(2,130)		(1,497)	
Fixed Assets written off	3,103		–	
Gain on Reversal of Impairment Loss (Net)	(1,049)		–	
Write down in carrying value of land	1,541		–	
Dividend received from Current Investments - Other than Trade	(28,905)		(9,188)	
Provision for Doubtful Debts and Advances	31,641		118,373	
Provision for slow moving items and diminution in realisable value	43,918		29,453	
Bad Debts written off / Provision for Doubtful Debts, Advances and Stocks written back (Net)	(43,391)		1,691	
Liabilities no longer required written back	(82,947)		(72,814)	
Deferred Revenue expenditure written off	8,745		11,693	
Loss on Derivative Contracts (Net)	69,185		–	
Exchange Loss/ (Gain) (Net)	(588,415)		981,306	
Effect of change in Foreign Exchange Translation	(123,160)	1,857,376	53,442	3,640,839
Operating profit before working capital changes		**4,257,776**		**6,446,745**
Increase / Decrease in :				
Trade and Other Receivables	752,955		(845,086)	
Inventories	(2,408,227)		1,274,135	
Trade Payables	5,490,722	3,835,450	2,369,511	2,798,560
Cash generated from operations		**8,093,226**		**9,245,305**
Direct Taxes paid (including Fringe Benefit Tax)	(551,365)		(1,088,524)	
Payment against Voluntary Retirement Scheme	(1,440)	(552,805)	(2,860)	(1,091,384)
Net cash from Operating Activities		**7,540,421**		**8,153,921**
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(4,887,563)		(10,711,883)	
Sale of Fixed Assets	41,422		42,824	
Redemption of Investments	8,753		–	
Inter Corporate Loans (Net)	–		33,797	
Interest Received	90,460		46,208	
Dividend received from Current Investments - Other than Trade	28,905		9,188	
Net Cash used in Investing Activities		**(4,718,023)**		**(10,579,866)**
Carried forward		2,822,398		(2,425,945)

Consolidated Cash Flow Statement of Usha Martin Limited and its **subsidiaries** *(Contd...)*

(Rs. in Thousand)

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
Brought forward		2,822,398		(2,425,945)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from issuance of Equity Shares	4,576,642		–	
Proceeds from Borrowings (Net of finance charges) - (Payments) / Receipts (Net)	(6,329,973)		4,567,842	
Interest Paid	(1,387,806)		(1,437,293)	
Dividend Paid [including tax thereon Rs.43,525 ; (Previous period Rs.42,529)]	(293,733)		(292,263)	
Dividend Paid by a subsidiary company to Minority Shareholders	(16,742)		(11,740)	
Net Cash from Financing Activities		(3,451,612)		2,826,546
		(629,214)		400,601
D. EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY				
Cash and Cash Equivalents		16,822		(33,787)
		(612,392)		366,814
Cash and Cash Equivalents as at 31st March, 2009 (Schedule 8)	1,087,966		721,152	
Add : Acquisition from a joint venture company [Refer Note 7(b) on Schedule 17]	579		–	
	1,088,545		721,152	
Cash and Cash Equivalents as at 31st March, 2010 (Schedule 8)	476,153	(612,392)	1,087,966	366,814

Notes :

1. The above Consolidated Cash Flow Statements have 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.
2. Schedules referred to above form an integral part of the Consolidated Cash Flow Statements.
3. Refer Note 21on Schedule 17 to Accounts.

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

For PRICE WATERHOUSE
Firm Registration Number : 301112E
Chartered Accountants

(S. K. Deb)
Partner
Membership No. 13390

Kolkata
10th May, 2010

B. K. Jhawar
Chairman Emeritus

P. Jhawar
Chairman

R. Jhawar
Managing Director

Dr. P. Bhattacharya
Jt. Managing Director

A. K. Somani
Company Secretary

Notice to the **Shareholders**

NOTICE is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the members of USHA MARTIN LIMITED will be held at Vidya Mandir, 1, Moira Street, Kolkata – 700 017 on Tuesday, the 27th day of July, 2010 at 2.30 P.M to transact the following businesses :

As Ordinary Business

1. To receive and adopt the Profit & Loss Account of the Company for the year ended 31st March, 2010 and the Balance Sheet as at that date, together with the Directors' and Auditors' Reports.
2. To declare dividend on the equity shares for the year ended 31st March, 2010.
3. To appoint a director in place of Mr. Aje Kumar Chaudhri who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Basant Kumar Jhawar who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Brij Kishore Jhawar who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration and for purpose to pass following resolution as Ordinary Resolution :

   "RESOLVED that pursuant to provisions of Section 224 of the Companies Act, 1956, M/s. Price Waterhouse, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until conclusion of next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors as it deems fit and proper, plus reimbursement of out of pocket expenses".

As Special Business

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

7. **As an Ordinary Resolution**

   "RESOLVED that Mrs. Ramni Nirula be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. **As an Ordinary Resolution**

   "RESOLVED that Mr. Ghyanendra Nath Bajpai be and is hereby appointed as a Director of the Company liable to retire by rotation."

9. **As an Ordinary Resolution**

   "RESOLVED that Mr. Nripendra Misra be and is hereby appointed as a Director of the Company liable to retire by rotation."

10. **As an Ordinary Resolution**

    "RESOLVED that Mr. Jitender Balakrishnan be and is hereby appointed as a Director of the Company liable to retire by rotation."

11. **As an Ordinary Resolution**

    "RESOLVED that Dr. Vijay Sharma be and is hereby appointed as a Director of the Company.

    RESOLVED FURTHER that the Company hereby approves appointment of, and remuneration payable to, Dr. Vijay Sharma, Executive Director & Chief Executive (Steel Business) of the Company for a period of 5 years with effect from 1st February, 2010, on terms and conditions as set out in draft agreement to be entered into between the Company on one part and Dr. Vijay Sharma of other part placed before meeting and initialled by the Chairman for purpose of identification with liberty to Board of Directors to alter and vary, within the maximum amount payable in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made thereto from time to time, terms and conditions of said appointment and/or agreement in such manner as may be agreed to between Board of Directors and Dr. Vijay Sharma.

12. **As an Ordinary Resolution**

    "RESOLVED that Mr. Pravin Kumar Jain be and is hereby appointed as a Director of the Company.

    RESOLVED FURTHER that the Company hereby approves appointment of, and remuneration payable to, Mr. Pravin Kumar Jain, Executive Director & Chief Executive (Wire and Wire Ropes Business) of the Company for a period of 5 years with effect from 1st February, 2010, on terms and conditions as set out in draft agreement to be entered into between the Company on one part and Mr. Pravin Kumar Jain of other part placed before meeting and initialled by the Chairman for purpose of identification with liberty to Board of Directors to alter and vary, within the maximum amount payable in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made thereto from time to time, terms and conditions of said appointment and/or agreement in such manner as may be agreed to between Board of Directors and Mr. Pravin Kumar Jain.

13. **As a Special Resolution**

    "RESOLVED that pursuant to provisions of Section 314 (1) of the Companies Act, 1956 consent of the Company be and is hereby accorded to Board of Directors of the Company ("the Board") for payment of such sum as the Board may decide from time to time not exceeding Rs.50,000 per month to Ms. Nidhi Rajgarhia, a relative of

Mr. B K Jhawar, a director of the Company, for holding and continuing to hold an office or place of profit under the Company."

14. As a Special Resolution

"RESOLVED THAT pursuant to provisions of Section 309 read with Section 198 and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government and such other consents, approvals and permissions as may be necessary, Mr. Prashant Jhawar, Chairman and non-executive director of the Company, be paid a remuneration by way of commission @ 1.5% of net profits of the Company computed in manner prescribed in Sections 198(1) read with Section 349 and 350 of the Companies Act, 1956, for each of five financial years commencing from 1st April, 2010.

RESOLVED FURTHER THAT aforesaid commission shall be exclusive of fees payable to Mr. Prashant Jhawar for attending the meeting(s) of Board of Directors and/or any Committee(s) of Board of Directors.

RESOLVED FURTHER THAT payment of aforesaid commission shall be made subject to applicable provisions of the Foreign Exchange Management Act, 1999 and rules and regulations framed there under from time to time and in compliance of conditions, imposed by the Government while granting its approval and fulfilment of the requisite formalities connected therewith, if any.

15. As a Special Resolution

"RESOLVED THAT pursuant to provisions of Section 309 read with Section 198 and other applicable provisions, if any, of the Companies Act, 1956 and such other consents, approvals and permissions as may be necessary the non executive directors of the Company (except Mr. Prashant Jhawar) be paid remuneration by way of commission, together not exceeding 1% of net profits of the Company computed in manner prescribed in Sections 198(1) read with Section 349 and 350 of the Companies Act, 1956, for each of five financial years commencing from 1st April, 2010 and commission so payable be divided and distributed amongst such non executive directors of the Company (except Mr. Prashant Jhawar) in such proportion and manner as may be determined by Board of Directors from time to time.

RESOLVED FURTHER THAT aforesaid commission shall be exclusive of the fees payable to the non executive directors for attending the meeting(s) of Board of Directors and/or any Committee(s) of Board of Directors.

RESOLVED FURTHER THAT in respect of directors who are not persons resident in India as per the provisions of the Foreign Exchange Management Act, 1999, payment of aforesaid commission shall be made subject to applicable provisions of Foreign Exchange Management Act, 1999 and rules and regulations framed there under from time to time and in compliance of requisite formalities connected therewith, if any.

RESOLVED FURTHER THAT special resolution passed by shareholders in this regard at Annual General Meeting of the Company held on 29th July, 2009 shall stand modified to the extent as mentioned hereinabove."

16. As a Special Resolution

"RESOLVED that subject to applicable provisions of the Companies Act, 1956, if any, consent of the Company be and is hereby accorded to Board of Directors of the Company ("the Board") for payment / reimbursement and ratification of the expenses, including the following or similar to that, incurred / to be incurred on behalf of the Company by Mr. B K Jhawar and Mr. Brij K Jhawar for their carrying out social and community development initiatives and other activities on behalf of the Company :

a) travelling, lodging and boarding, including for spouse, if required;
b) car expenses and maintenance;
c) telephone at home and mobile;
d) guest entertainment; and
e) expenses for attending seminars and meetings.

Registered Office : By Order of the Board
2A, Shakespeare Sarani
Kolkata – 700 071 **A K Somani**
Dated : 20th June, 2010 *Company Secretary*

Notes:

1. A member entitled to attend and vote at meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. Proxies, in order to be effective, must be deposited at the registered office of the Company at least 48 hours before commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 20th July, 2010 to 27th July, 2010 (both days inclusive).
3. The dividend as recommended by the Board, if declared at meeting, will be paid to those members whose names appear on the Company's Register of Members on 27th July, 2010. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
4. The shareholders of the Company are informed that pursuant to the Companies (Amendment) Act, 1999 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 shareholder(s) would not be able to claim any amount of dividend so transferred to the Fund. All unclaimed /unpaid dividends declared for and upto financial year ended 31st March, 2002 has been transferred to the said Fund. The unclaimed/unpaid dividend declared for financial year ended 31st March, 2003 shall be deposited in the Fund on or before 30th August, 2010.
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 identical order of names in more than one folio are requested to write to the Company's R & T Agent, namely, MCS Limited, 77/2A, Hazra Road, Kolkata - 700026 for consolidation of holding in one folio. The relevant share certificates are also to be sent to them for this purpose.
7. As per RBI notification, with effect from 1st October, 2009, remittance of money through ECS is replaced by National -Electronic Clearing Service (NECS) and banks have been instructed to move to NECS Platform with immediate effect. For 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 concerned account to your Depository Participant.
8. **Pursuant to requirements of Clause 49 of listing agreements with stock exchanges, information about directors proposed to be re-appointed is given below :**

   Aje Kumar Chaudhri, aged 73 years, joined Board of the Company on 16th September, 1995. He obtained his degree in Electrical Engineering with distinction from Delhi University in 1959. He joined the Department of Telecommunication in 1960 and held various assignments till his retirement in 1995 as Chairman and Managing Director of Mahanagar Telephone Nigam Limited, New Delhi. He was Co-Chairman of Telecom Committee of FICCI for two years. He does not hold any equity share in the Company. He does not hold any other directorship or committee membership in any other company.

Basant Kumar Jhawar, aged 75 years is a Commerce Graduate and founder of Usha Martin Group. He has founded several successful industrial enterprises in India and abroad. Till 10th May, 2010, he served as Chairman on Board of the Company with effect from 19th May, 1998, i.e at the time of amalgamation of Usha Martin Industries Limited with the Company. He has now been designated as Chairman-Emeritus by the Board of Directors. He was on Board of Trustees of Unit Trust of India as a nominee of Industrial Development Bank of India for eight years and on Board of ICICI Limited for about six years. Mr. Jhawar is actively involved and spearheading activities in the fields of community development, economic and social upliftment and empowerment of people and various other CSR initiatives on behalf of Usha Martin Group including through Krishi Gram Vikas Kendra [KGVK], an NGO in operation for over 35 years in the State of Jharkhand. Mr. Jhawar holds 82310 equity shares in the Company.

He holds other directorship/committee membership in the following companies in India :

Sl. No.	Name of the Company	Director / Chairman	As Committee Member/Chairman [Audit/ Shareholders Grievance]
1	Orient Paper & Industries Limited	Director	Audit Committee Remuneration Committee
2	Reliance Chemotex Industries Limited	Director	-
3	Usha Martin Agro Limited	Director	-

Brij Kishore Jhawar, aged 73 years, is a Science Graduate and co-founder of Usha Martin Group. He did his mechanical engineering from Jadavpur University, Kolkata and was granted Diploma of Fellowship by the Institute of Engineers (India) in 1987 for his outstanding contribution to progress and advancement of mechanical engineering fraternity. He is a great believer in human values and human resources development. He is very conscious of industries' social obligations and is actively involved for over 35 years in discharging CSR obligations on behalf of Usha Martin Group through Krishi Gram Vikas Kendra [KGVK], an NGO operating in rural areas of Jharkhand. Mr. Jhawar holds 420865 equity shares in the Company.

He is a director in Usha Martin Agro Limited in India and does not hold any committee membership in any other company.

Explanatory Statement pursuant to Section 173 of the Companies Act,1956 and pursuant to Clause 49 of listing agreements with stock exchanges in connection with items of special business is given below:

Item No. 7

Mrs. Ramni Nirula was appointed as an additional director of the Company with effect from 14th January, 2010. In terms of Section 256 of the Companies Act, 1956, Mrs. Nirula will hold office upto the date of ensuing Annual General Meeting. The Company has received required notice from a member of the Company under Section 257 of the Act proposing candidature of Mrs. Nirula as a Director of the Company.

Mrs. Nirula, aged 58 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. Mrs. Nirula is not holding any equity shares in the Company.

Mrs. Nirula is on Board of following companies in India :

Sl. No.	Name of the Company	Director / Chairman	As Committee Member / Chairman [Audit/ Shareholders Grievance]
1.	ICICI Comm Trade Ltd.	Director	-
2.	Abishek Industries Ltd.	Director	-
3.	Haldia Petrochemicals Ltd.	Director	-
4.	Jubilant Food Works Ltd.	Director	-

Excepting Mrs. Nirula, none of other directors are concerned or interested in resolution.

Item No. 8

Mr. Ghyanendra Nath Bajpai was appointed as an additional director of the Company with effect from 18th March, 2010. In terms of Section 256 of the Companies Act, 1956, Mr. Bajpai will hold office upto the date of ensuing Annual General Meeting. The Company has received required notice from a member of the Company under Section 257 of the Act proposing candidature of Mr. Bajpai as a Director of the Company.

Mr. Bajpai, aged 68 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. Mr. Bajpai is not holding any equity shares in the Company.

Mr. Bajpai is on Board of following companies in India and holds following committee memberships :

Sl. No.	Name of the Company	Director / Chairman	As Committee Member / Chairman [Audit/ Shareholders Grievance]
1.	Future Generali India Life Insurance Co Ltd	Director	Audit – Chairman
2.	Future Generali India Insurance Co Ltd	Director	Audit – Chairman
3.	Future Capital Holdings Limited	Director	Audit – Member Shareholders Grievance - Chairman
4.	Future Ventures India Limited	Director	Audit – Chairman
5.	Emaar MGF Land Limited	Director	Audit – Member Shareholders Grievance - Member
6.	Mandhana Industries Limited	Director	Audit – Member
7.	Dalmia Cement [Bharat] Limited	Director	Audit – Member
8.	The Dhanalakshmi Bank Limited	Director	
9.	Intuit Consulting Private Limited	Director	
10	Invent Asset Securitisation & Reconstruction Co. Pvt Limited	Director	
11.	Infomeries Valuation and Rating Private Limited	Director	
12.	Apnapaisa Private Limited	Director	
13.	IDE India [Sec-25 Company]	Director	
14.	Nitesh Estates Limited	Director	
15.	Invent ARC Private Limited	Director	
16.	Kingfisher Airlines Limited	Director	
17.	New Horizons India Limited	Director	
18.	PNB Housing Finance Limited	Director	

Excepting Mr. Bajpai, none of other directors are concerned or interested in resolution.

Item No. 9

Mr. Nripendra Misra was appointed as an additional director of the Company with effect from 22nd March, 2010. In terms of Section 256 of the Companies Act, 1956, Mr. Misra will hold office upto the date of ensuing Annual General Meeting. The Company has received required notice from a member of the Company under Section 257 of the Act proposing candidature of Mr. Misra as a Director of the Company.

Mr. Misra, an IAS [Retd.] and aged 65 years, has held positions as Chairman of Telecom Regulatory Authority of India, Chairman of C-DOT Alcatel Research Centre, Secretary of Department of Telecom, Government of India, Chairman of Telecom Commission, Government of India and various other senior level positions in Government of India and Government of Uttar Pradesh during his work experience of 44 years. He has also authored various publications and is associated with various bodies in field of agricultural, community building and social services.

Mr. Misra does not hold any other directorship or committee membership in any other company. Mr. Misra is holding 200 equity shares in the Company.

Excepting Mr. Misra, none of other directors are concerned or interested in resolution.

Item No. 10

Mr. Jitender Balakrishnan was appointed as an additional director of the Company with effect from 10th June, 2010. In terms of Section 256 of the Companies Act, 1956, Mr Balakrishnan will hold office upto the date of ensuing Annual General Meeting. The Company has received required notice from a member of the Company under Section 257 of the Act proposing candidature of Mr. Balakrishnan as a Director of the Company.

Mr. Balakrishnan, aged 61 years, is B.E [Mech] from National Institute of Technology, Madras University and holds 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 in June, 2009 and has served as IDBI's representative on various committees in fertiliser, oil & gas, telecom sectors and high level committee on ultra mega power projects and has also served on boards of various corporates, housing finance company, asset management company besides state financial institutions.

Mr. Balakrishnan is not holding any equity shares in the Company.

Mr. Balakrishnan is on Board of following companies in India and holds following committee memberships :

Sl. No.	Name of the Company	Director / Chairman	As Committee Member / Chairman [Audit/ Shareholders Grievance]
1.	IDBI Capital Market Services Limited	Director	Audit – Member
2.	IDBI Intech Limited	Director	Audit – Member

Excepting Mr. Balakrishnan, none of other directors are concerned or interested in resolution.

Item No. 11

Dr. Vijay Sharma, aged about 56 years and a Metallurgical Engineer from IIT, Kharagpur, completed his MS in Materials Engineering from Rensselaer Polytechnic Institute [RPI], New York, USA. He has also done MBA from XLRI, Jamshedpur and Ph.D from Anna University, Chennai. Dr. Sharma has extensive work experience in fields of project execution, plant operations and overall management in various capacities across different companies such as Mukund, JSW, SISCOL and Usha Martin.

Dr. Sharma holds no other directorships/committee memberships in any other company nor holds any shares in the Company.

Considering his wide knowledge and experience in steel business, Dr. Sharma was appointed as an Executive Director designated as Executive Director & Chief Executive [Steel Business] of the Company with effect from 1st February, 2010 for a period of 5 years. The terms and conditions of appointment of Dr Sharma are set out in the agreement to be entered into by the Company with him and an abstract of terms thereof is set out below :

Period : Dr. Sharma shall be Executive Director & Chief Executive [Steel Business] of the Company for a period of 5 years from 1st February, 2010.

Duties : As Executive Director, Dr. Sharma shall perform such duties and exercise such powers as may from time to time be entrusted to or conferred upon him by Board, subject to superintendence, control and direction of the Board.

Remuneration :

Salary (per month)	Rs.4,00,000 per month in the scale of Rs.4,00,000- 25,000- 6,00,000
Special Pay/ Allowance (per month)	Rs.5,75,250 per month in the scale of Rs.5,75,250- 25,000- 7,75,000
Performance Bonus/ Variable Pay (per month)	Rs.3,12,500 in scale of Rs.3,12,500 – 6,00,000
Residential Accommodation	Company leased furnished residential accommodation with free electricity. DG set for back up power and 2 nos day and night security guards.
Other allowances (per month)	Servant Allowance of Rs.3000
Company's contribution to Provident Fund	12% of Salary
Company's contribution to Gratuity Fund	15 days Salary for every year of service
Personal Accident Insurance	As per rules of the Company
Leave Travel Allowance	10% of Salary
Medical expenses	8.33% of Salary
Health Insurance	Health Insurance premium for covering self, spouse, parents and dependant children
Car(s)	2 Nos.
Driver(s)	Two drivers
Club Fees	Membership and monthly subscription of 2 clubs
Telephone(s)	One telephone at residence and one cellular mobile phone.
Leave	As per rules of the Company
Notice Period	One month from either side

In event of loss or inadequacy of profit during currency of tenure as Executive Director, he shall be entitled to receive minimum remuneration in accordance with prevailing guidelines prescribed by the Central Government.

The appointment and remuneration payable to Dr. Sharma requires approval of members of the Company in general meeting. The above appointment of Dr. Sharma on terms proposed also satisfies conditions laid down in Schedule XIII of the Act and steps are being taken for necessary compliance under the Act. The resolution set out in item 11 of convening notice has to be considered accordingly and the Board recommends the same.

Draft of agreement referred to in resolution will be available for inspection by members of the Company at its registered office on any working day prior to date of meeting during usual business hours and will also be available at meeting .

Excepting Dr. Sharma, none of other directors are concerned or interested in resolution.

Item No. 12

Mr. Pravin Kumar Jain, aged about 56 years, holds qualification as B.Tech (Mechanical Engg.) and MBA (General Management & Finance). Mr. Jain commands rich experience in operations, project implementation, product marketing, brand building, setting up dealers and distribution networks apart from in fields of production, maintenance, quality, cost optimisation etc. during his total work experience of over 33 years in wire, wire ropes and related areas across various companies in India and abroad.

Mr. Jain is a director in Gustav Wolf Speciality Cords Limited and UM Cables Limited and holds no other committee memberships in any other companies. Mr. Jain holds no shares in the Company.

Considering his wide knowledge and experience and services to the Company, Mr. Jain was appointed as an Executive Director designated as Executive Director & Chief Executive [Wire & Wire Ropes Business] of the Company with effect from 1st February, 2010 for a period of 5 years, The terms and conditions of appointment of Mr. Jain are set out in the agreement to be entered into by the Company with him and an abstract of terms thereof is set out below :

Period : Mr. Jain shall be Executive Director & Chief Executive [Wire & Wire Ropes Business] of the Company for a period of 5 years from 1st February, 2010.

Duties : As Executive Director, Mr. Jain shall perform such duties and exercise such powers as may from time to time be entrusted to or conferred upon him by Board, subject to superintendence, control and direction of the Board.

Remuneration :

Salary (per month)	Rs.3,00,000 per month in the scale of Rs.3,00,000- 25,000- 5,00,000
Special Pay / Allowance (per month)	Rs.4,00,000 per month in the scale of Rs.4,00,000- 25,000- 6,00,000
Performance Bonus/ Variable Pay (per month)	Rs. 2,00,000 in scale of Rs.2,00,000 – 4,00,000
Residential Accommodation	Company leased furnished residential accommodation with free electricity.
Other allowances (per month)	–
Company's contribution to Provident Fund	12% of Salary
Company's contribution to Gratuity Fund	15 days Salary for every year of service
Personal Accident Insurance	As per rules of the Company
Leave Travel Allowance	10% of Salary
Medical expenses	At Actuals
Car(s)	2 Nos.
Driver(s)	One driver
Club Fees	Membership and monthly subscription of 1 club
Telephone(s)	One telephone at residence and one cellular mobile phone.
Leave	As per rules of the Company
Notice Period	Three months from either side

In event of loss or inadequacy of profit during currency of tenure as Executive Director, he shall be entitled to receive minimum remuneration in accordance with prevailing guidelines prescribed by the Central Government.

The appointment and remuneration payable to Mr. Jain requires approval of members of the Company in general meeting. The above appointment of Mr. Jain on terms proposed also satisfies conditions laid down in Schedule XIII of the Act and steps are being taken for necessary compliance under the Act. The resolution set out in item 12 of convening notice has to be considered accordingly and the Board recommends the same.

Draft of agreement referred to in resolution will be available for inspection by members of the Company at its registered office on any working day prior to date of meeting during usual business hours and will also be available at meeting.

Excepting Mr. Jain, none of other directors are concerned or interested in resolution.

Item No.13

Ms. Nidhi Rajgarhia, an M.Sc from London School of Economics & Political Science is currently working as Retainer with the Company at a consolidated remuneration of Rs.20000 per month and is associated with human resources related activities. Considering her performance, the Board thought it fit and proper to increase her consolidated remuneration from time to time within an overall limit of Rs.50,000 per month.

Ms. Rajgarhia is a relative of Mr. B K Jhawar, a director of the Company and accordingly her continued appointment in the Company at higher remuneration is deemed to be holding an office or place of profit under the Company within the meaning of Section

314 of the Act, which requires that except with the consent of the Company accorded by special resolution no relative of a director of a company shall hold an office or place of profit under the company carrying a total monthly remuneration of Rs.10000 or more.

As Ms. Rajgarhia's monthly remuneration will continue to be more than Rs.10000, her appointment attracts provisions of Section 314(1) of the Act and resolution set out in item 13 of convening notice has to be considered accordingly. The Board recommends passing of resolution as a special resolution.

A copy of letter of appointment is available for inspection by members of the Company at its registered office on any working day prior to date of meeting during usual business hours and will also be available at meeting.

No director of the Company except Mr. B K Jhawar is concerned or interested in resolution.

Item No.14

In recognition of significant contribution of Mr. Prashant Jhawar, Chairman in strategic thinking and direction provided for growth of business of the Company, though not being an whole time director, the Board of Directors considered it necessary, just and fair that he be reasonably compensated and rewarded for his continued exemplary devotion to the affairs of the Company. Accordingly and as per recommendation of Board of Directors, pursuant to the provisions of Section 309(4) of the Companies Act, 1956, shareholders of the Company had, at the Annual General Meeting of the Company held on 29th July, 2009, interalia, authorised payment of remuneration by way of commission @ 1.5% of net profits of the Company to Mr. Prashant Jhawar, then Vice Chairman and non executive director for a period of five financial years with effect from 1st April, 2008.

On an application made to the Ministry of Corporate Affairs, an approval was granted for a period of two years upto 31st March, 2010. The Board reviewed and decided that he be continued to be paid remuneration by way of commission @ 1.5% of net profits of the Company for each of next five financial years.

In terms of Section 309(4) of the Companies Act, 1956, proposed payment of remuneration by way of commission @ 1.5% to Mr. Prashant Jhawar, Chairman would require approval of shareholders of the Company by way of special resolution and approval of Central Government.

The Board of Directors recommends passing of resolution set out in item 14 of convening notice as a special resolution.

Mr. Prashant Jhawar and Mr. B K Jhawar may be deemed to be concerned or interested in resolution.

Item No.15

Section 309(4) of the Companies Act, 1956 read with Articles of Association of the Company permit payment to non executive directors of a commission upto 1% of net profits of the Company in each financial year. Considering contribution made by non executive directors in overall progress of the Company, it is considered that such directors (other than managing and whole time directors) should receive a commission not exceeding 1% of net profits of the Company for a further period of five financial years commencing from 1st April, 2010. As the Company intends to pay such commission to its non executive directors (except Mr. Prashant Jhawar to whom a commission of 1.5% has been proposed separately) together not exceeding 1% of net profits of the Company, shareholders' approval is being sought in resolution set out in item 15 of convening notice. The Board recommends the same.

All Directors excepting Dr. P Bhattacharya, Dr. Vijay Sharma and Mr. P K Jain may be deemed to be concerned or interested in resolution.

Item No.16

Usha Martin Group is front runner and one of pioneers in recognising and accepting its obligations to the society. With an objective to discharge its corporate social responsibilities, Usha Martin Group under the stewardship of Mr. B K Jhawar and Mr. Brij K Jhawar, took initiatives by setting up Krishi Gram Vikas Kendra (KGVK) which, over the period of more than 35 years, has done a commendable work in state of Jharkhand. The length, breadth and depth of its activities have earned huge goodwill to the Group around locations of operating facilities of the Company. The significant part of credit for vision and execution of these social initiatives through KGVK goes to Mr. B K Jhawar and Mr. Brij K Jhawar, non executive directors of the Company. As these and other social initiatives will be more relevant in times to come with expansion of Company's activities in volumes and locations, Mr. B K Jhawar and Mr. Brij K Jhawar would continue to take lead roles in social and community development initiatives. Considering their involvement and fact that they do not draw any remuneration for time devoted, Board of Directors has decided for the Company to incur / reimburse expenses, including the following or similar to that for aforesaid purposes and activities of the Company :

a) travelling, lodging and boarding for self, and spouse, if required;
b) car expenses and maintenance ;
c) telephone at home and mobile ;
d) guest entertainment ; and
e) expenses for attending seminars and meetings.

The personal expenses of any nature will continue to be borne by themselves.

The Board recommends passing of resolution as a special resolution as referred to in item no.16.

No director of the Company except Mr. B K Jhawar, Mr. Brij K Jhawar, Mr. Prashant Jhawar, and Mr. Rajeev Jhawar is concerned or interested in resolution.

usha martin

Usha Martin Limited

2A, Shakespeare Sarani, Kolkata - 700 071

PROXY FORM

I/We .... , ... , ...

of.. , ... , ...

being a Member / Members of the Usha Martin Limited, hereby appoint ....

of.. or failing him/her ....

of.. or failing him/her ....

of.. as my / our proxy to attend and to vote for me / us on my / our behalf at the twenty fourth Annual General Meeting of the Company to be held at Vidya Mandir, 1, Moira Street, Kolkata - 700 017 on Tuesday, the 27th day of July, 2010 at 2.30 P.M. and at any adjournment thereof.

Affix
Re. 1
Revenue
Stamp here

Signed this .... day of 2010

Signature(s) of the Shareholder(s) (1).. (2).. (3)..

DPID No. .... Folio No./Client I.D. No. .... No. of Shares held ....

Notes:

The Proxy form must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid Meeting.

---

usha martin

Usha Martin Limited

2A, Shakespeare Sarani, Kolkata - 700 071

ATTENDANCE SLIP

DP ID No.		Attending as	SHAREHOLDER/PROXY
Folio No./Client I.D. No.		Representing No. of Shares	

I hereby record my presence at the twenty fourth Annual General Meeting of the Company to be held at Vidya Mandir, 1, Moira Street, Kolkata - 700 017 on Tuesday, the 27th day of July, 2010 at 2.30 P.M. and at any adjournment thereof.

....

Name of the Shareholder/Proxy
in BLOCK LETTERS

....
Signature of the Shareholder/Proxy

Note:

Please fill this admission slip and hand it over at the entrance of the hall.

Please strike out whichever is not applicable

Financial **Summary**

STANDALONE

(Rs/cr except mentioned))

	31-3-03	31-3-04	31-3-05	31-3-06	31-3-07	31-3-08	31-03-09	31-03-10
Gross level of activity	958.53	1087.83	1569.92	1759.98	2036.65	2392.28	3085.32	2553.77
Sales (incl excise duty)	809.22	868.77	1270.58	1377.18	1573.74	1852.77	2307.21	1960.03
PBDIT	161.48	163.09	198.93	249.89	285.98	357.01	422.43	359.49
Profit before tax	13.35	23.27	58.27	100.74	138.40	200.71	214.04	139.21
Profit after tax	8.22	15.52	40.87	64.96	101.48	144.83	146.56	92.21
EPS - Diluted (Rs.) #	2.58	4.19	11.04	16.20	22.54	5.76	5.86	3.53
Rate of dividend - (%)	10%	15%	30%	55%	75%	100%	100%	100%
Net fixed assets	898.18	898.43	893.78	954.28	1097.07	1449.08	2331.07	2857.54
Investment	99.91	140.84	139.54	152.58	160.08	165.80	186.35	186.95
Gross current assets	592.58	647.90	804.03	699.61	841.13	1271.60	1105.01	1134.36
Current liabilities & provisions	255.54	288.36	458.94	397.75	487.51	899.13	423.54	949.14
Net current assets	337.04	359.53	345.09	301.86	353.62	372.47	681.47	185.22
Debt	835.05	877.19	825.93	687.61	749.37	943.20	2061.24 *	1560.91 *
Deferred tax liabilities	96.26	102.16	107.68	133.74	143.43	146.77	122.11	169.10
Net worth	403.82	419.44	444.79	587.36	717.96	897.38	1015.55	1499.69
Debt equity ratio (X)	2.07	2.09	1.86	1.17	1.04	1.05	2.03	1.04

CONSOLIDATED

(Rs/cr except mentioned))

	31-3-03	31-3-04	31-3-05	31-3-06	31-3-07	31-3-08	31-03-09	31-03-10
Gross level of activity	1380.00	1542.00	2256.07	2612.61	2960.39	3460.17	4499.41	3604.32
Sales (including excise duty)	1117.62	1145.39	1648.48	1969.31	2148.42	2527.66	3146.79	2630.33
PBDIT	187.35	194.49	243.93	313.41	367.96	444.94	531.36	495.01
Profit before tax	9.63	25.54	70.68	126.47	182.92	246.84	280.59	240.04
Profit after tax	3.23	16.36	50.08	84.34	137.44	175.38	185.33	168.62
EPS - Diluted - (Rs.) #	1.01	4.42	13.53	21.03	30.52	6.97	7.41	6.46
Net fixed assets	1089.84	1117.23	1107.01	1194.77	1377.89	1740.97	2623.22	3177.69
Investments	45.13	44.31	44.52	0.38	0.38	0.38	0.38	0.38
Gross current assets	768.93	806.48	975.26	957.35	1117.49	1600.51	1497.48	1552.87
Current liabilities & provisions	307.06	344.29	546.05	533.95	598.23	1071.61	572.64	1132.20
Net current assets	461.87	462.19	429.21	423.40	519.26	528.91	924.84	420.67
Debt	1112.62	1134.88	1047.25	865.11	963.03	1137.47	2266.37 *	1716.58 *
Deferred tax liabilities	99.11	105.18	110.57	136.72	149.17	153.59	129.81	178.40
Net worth	368.26	383.67	415.16	606.01	773.41	967.39	1135.50	1687.52
Debt equity ratio (X)	3.02	2.96	2.52	1.43	1.25	1.18	2.00	1.02

Face value of share Rs.5/- upto FY 07 and Re. 1/- thereafter.

* Including capex LCs.

BOOK-POST

if undelivered, please return to:

Usha Martin Limited
2A, Shakespeare Sarani,
Kolkata-700071