

A clean, green path to excellence



BOARD OF DIRECTORS AND THE MANAGEMENT TEAM

Board of Directors

Niraj Bajaj	Chairman & Managing Director
Rajesh V Shah	Co-Chairman & Managing Director
Dhirajlal S Mehta	
Suketu V Shah	Joint Managing Director
Vinod S Shah	
Dr. N P Jain, IFS (Retd.)	
Narendra J Shah	
N C Sharma	
Prakash V Mehta	
Pradip P Shah	
Amit Yadav	

Secretary

K J Mallya

Auditors

Haribhakti & Co. Chartered Accountants

The Management Team

Corporate

Niraj Bajaj	Chairman & Managing Director
Rajesh V Shah	Co-Chairman & Managing Director
Suketu V Shah	Joint Managing Director
S B Jhaveri	Chief Financial Officer

Steel Division

I M D'Costa	Technical Director (Steel Plant, Thane)
R Sampath Kumar	Chief Executive (Steel Plant, Ginigera)
A M Kulkarni	Chief Executive (Steel Plant, Thane)
C H Sharma	Technical Advisor, Steel
Sidharth Shah	Chief of Materials Management
V M Mashruwala	Chief of Marketing (Alloy & Stainless Steel)
Dr. Amit Ganguly	Chief of Business Excellence

Industrial Machinery Division

R Jagannathan	Chief Executive
---------------	-----------------

CONTENTS

PAGE NO.

Board of Directors and The Management Team	1
Notice	2
Directors' Report	7
Management Discussion and Analysis	10
Corporate Governance Report	12
Appendix to Directors' Report	16
Summary of the Key Financials of Subsidiaries	17
Auditors' Report	19
Accounts	22
Notes to the Accounts	33
Balance Sheet Abstract and Company's General Business Profile	54
Statement Under Section 212	55
Auditors' Report on Consolidated Financial Statements	56
Consolidated Financial Statements	57
Notes to the Consolidated Financial Statements	64

Annual General Meeting

Wednesday, July 27, 2011 at 4.30 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021

Registered Office

Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021.

Works

Thane, Maharashtra 400 605.
Ginigera, Karnataka 583 228.

Branch Offices

Bangalore, Chennai, Delhi, Kolkata, Visakhapatnam

E-mail : investors_cell@mukand.com

Website: www.mukand.com

A Request

As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copy to the meeting.

NOTICE

To

The Members,

NOTICE is hereby given that the 73rd ANNUAL GENERAL MEETING of the Members of MUKAND LTD. will be held on Wednesday, the 27th July, 2011 at 4.30 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021 to transact the following business:

1. To consider and adopt the Profit & Loss Account for the year ended March 31, 2011, the Balance Sheet as at that date and the Report of the Board of Directors and the Auditors thereon.
2. To declare dividend on 0.01% Cumulative Redeemable Preference Shares.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Dr. N. P. Jain (IFS, Retd.), who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Shri Prakash V. Mehta, who retires by rotation and is eligible for re-appointment.
6. To appoint a Director in place of Shri Pradip P. Shah, who retires by rotation and is eligible for re-appointment.
7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

“RESOLVED that M/s. Haribhakti & Co., Chartered Accountants (Registration No. 103523W), be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors of the Company .”

SPECIAL BUSINESS:

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

“RESOLVED that Shri Amit Yadav, who was appointed by the Board of Directors of the Company as an Additional Director on 27th October, 2010 and who holds office as such upto the conclusion of this Annual General Meeting and in respect of whom the Company has, as required by Section 257 of the Companies Act, 1956, received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and Schedule XIII thereto (including any amendment, statutory modification or re-enactment thereof for the time being in force) and subject to the approval of the Central Government and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and/or modifications as may be imposed/stipulated/ suggested by such authorities while granting such approvals, permissions and sanctions, the Company hereby approves the re-appointment of Shri Niraj Bajaj as Chairman & Managing Director of the Company for a period of three years with effect from 5th July, 2011 on the remuneration and upon the terms and conditions set out in the Explanatory Statement relating to this Resolution with liberty and powers to the Board of Directors to alter and vary the terms and conditions and remuneration in such manner as the Board of Directors may deem fit and as is acceptable to Shri Niraj Bajaj within the limits specified in the Act, including any statutory amendment, modifications or re-enactment thereof.

RESOLVED FURTHER that in the event of any statutory amendment or modification or relaxation by the Central Government to paragraph 1 (C) of Section II, Part II to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including salary, commission, perquisites, allowances, etc. within such prescribed ceiling limits and the Agreement between the Company and Shri Niraj Bajaj be suitably amended to give effect to such modification, relaxation or variation

without any further reference to the Members of the Company in General Meeting.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as it may, in its absolute discretion deem necessary, proper or expedient and to take such steps as may be necessary to give effect to this Resolution.”

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

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and Schedule XIII thereto (including any amendment, statutory modification or re-enactment thereof for the time being in force) and subject to the approval of the Central Government and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and/or modifications as may be imposed / stipulated / suggested by such authorities while granting such approvals, permissions and sanctions, the Company hereby approves the re-appointment of Shri Rajesh V. Shah as Co-Chairman & Managing Director of the Company for a period of three years with effect from 5th July, 2011 on the remuneration and upon the terms and conditions set out in the Explanatory Statement relating to this Resolution with liberty and powers to the Board of Directors to alter and vary the terms and conditions and remuneration in such manner as the Board of Directors may deem fit and as is acceptable to Shri Rajesh V. Shah within the limits specified in the Act, including any statutory amendment, modifications or re-enactment thereof.

RESOLVED FURTHER that in the event of any statutory amendment or modification or relaxation by the Central Government to paragraph 1 (C) of Section II, Part II to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including salary, commission, perquisites, allowances, etc. within such prescribed ceiling limits and the Agreement between the Company and Shri Rajesh V. Shah be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Members of the Company in General Meeting.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as it may, in its absolute discretion deem necessary, proper or expedient and to take such steps as may be necessary to give effect to this Resolution.”

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

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and Schedule XIII thereto (including any amendment, statutory modification or re-enactment thereof for the time being in force) and subject to the approval of the Central Government and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and/or modifications as may be imposed / stipulated / suggested by such authorities while granting such approvals, permissions and sanctions, the Company hereby approves the re-appointment of Shri Suketu V. Shah as Joint Managing Director of the Company for a period of three years with effect from 5th July, 2011 on the remuneration and upon the terms and conditions set out in the Explanatory Statement relating to this Resolution with liberty and powers to the Board of Directors to alter and vary the terms and conditions and remuneration in such manner as the Board of Directors may deem fit and as is acceptable to Shri Suketu V. Shah within the limits specified in the Act, including any statutory amendment, modifications or re-enactment thereof.

RESOLVED FURTHER that in the event of any statutory amendment or modification or relaxation by the Central Government to paragraph 1 (C) of Section II, Part II to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including salary, commission, perquisites, allowances, etc. within such prescribed ceiling limits and the Agreement between the Company and Shri Suketu V. Shah be

suitably amended to give effect to such modification, relaxation or variation without any further reference to the Members of the Company in General Meeting.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as it may, in its absolute discretion deem necessary, proper or expedient and to take such steps as may be necessary to give effect to this Resolution."

NOTES:

1. Explanatory Statement setting out all material facts concerning the Special Business under item Nos. 8 to 11 as required under Section 173 of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing a proxy, to be effective, should however, be deposited at the Registered Office of the Company not less than 48 (forty-eight) hours before the commencement of the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 16th July, 2011 to Wednesday, 27th July, 2011 (both days inclusive).
4. a) The payment of dividend on 0.01% Cumulative Redeemable Preference Shares and on Equity Shares upon declaration by the Members at the forthcoming Annual General Meeting, will be made on or after 2nd August, 2011 as under :
 - i. to all those beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as at the end of the day on Friday, 15th July, 2011 ; and
 - ii. to all those shareholders holding shares in physical form after giving effect to all the valid share transfers lodged with the Company on or before Friday, 15th July, 2011.
 b) It is suggested for convenience of Members that they should notify change in their addresses and / or Bank Mandate details, if any, preferably on or before Friday, 15th July, 2011 , in respect of :-
 - i. shares held in physical form - to Company's Share Transfer Agents (STAs) ; and
 - ii. shares held in dematerialized form - to their respective Depository Participants (DPs)

to enable printing of these particulars on dividend warrants, to minimize chances of loss due to fraudulent encashment of warrants.
5. In accordance with the RBI Circular DPSS (CO) EPPD No. 191/ 04.01.01/ 2009-2010 dated 29 July, 2009, with effect from 1st October, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Service (NECS) which essentially operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions.

Kindly note that if the Members have not provided to the Company or their DP the new bank account number, if any, allotted to them, after implementation of the CBS, credit of dividend through NECS to their old bank account number may be rejected or returned by the banking system. Members are, therefore, requested to ensure that the new Bank Account Number allotted to them by their Bank after implementation of CBS together with the name of the Bank, Branch, 9 digit MICR Bank / Branch code, account type, a photocopy of cancelled cheque pertaining to their bank account and their Client ID or Folio No. is furnished to their respective DP, in case they hold the shares in dematerialized form, or to the Share Transfer Agents (STAs), if they hold the shares in physical form.

Where dividend payments are made through NECS, intimations regarding such remittances would be sent separately to the Members. In cases where the dividends cannot be paid through ECS, the same will be paid by dividend warrants or account payee / not negotiable instruments.

6. Members who have neither received nor encashed their dividend

warrants(s) for any of the financial years from 2003-04 upto 2009-10, are requested to write to the STAs of the Company mentioning the relevant Folio Number(s)/ DP ID and Client ID, for issuance of duplicate/revalidated dividend warrant(s).

7. The Company has designated an exclusive e-mail ID viz. investors_cell@mukand.com to enable the investors to post their grievances, if any, and monitor its redressal.
 8. Members desiring any information relating to the annual accounts of the Company are requested to send their queries to the Company Secretary at least 7 (seven) days before the date of the Meeting.
 9. Members / Proxies are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
 10. The Securities and Exchange Board of India (SEBI) has made it mandatory for every participant in the securities / capital market to furnish Income Tax Permanent Account Number (PAN) for transactions involving transfer of shares, including transmission of shares, deletion / transposition of names of shareholders. Therefore, members holding shares in physical form are requested to furnish their PAN along with self-attested photocopy of PAN Card to the STAs. Members holding shares in demat form are requested to register the details of their PAN with their DPs.
 11. Members holding shares in single name and physical form are advised to make nomination by filing the prescribed Form 2B (in duplicate) in respect of their shareholding with the STAs of the Company. Members holding shares in dematerialised form may contact their DP for recording their nomination.
 12. As per "Green Initiative in the Corporate Governance" taken by Ministry of Corporate Affairs (MCA) vide Circular 17/2011 dated 21st April, 2011 and Circular 18/2011 dated 29th April, 2011, it has been clarified that a company would be deemed to have complied with the provisions of Sections 53 and 219(1) of the Companies Act, 1956, if the documents like notices, annual reports etc. are sent in electronic form to its members.
- Accordingly, the said documents of the Company for the Financial Year ended 31st March, 2011 will be sent in electronic form to those members who have registered their e-mail IDs with their DP and made available to the Company / STAs by the Depositories.
- However, in case a member wishes to receive a physical copy of the said documents, he is requested to intimate the same by e-mail to the STAs at the earliest, duly quoting his Folio Number(s)/ DP ID and Client ID.
- Members holding shares in physical form are requested to submit their e-mail ID to the STAs of the Company, duly quoting their Folio Number(s) and the Members holding shares in dematerialised form and who have not registered / updated their e-mail ID with their DP, are requested to do so at the earliest, so as to enable the Company to send the said documents in electronic form, thereby fully supporting and aiding green initiative of the MCA. The members are requested to promptly notify the change in e-mail ID from time to time in future to STAs / DP as the case may be. Members are requested to refer to the letter, printed at the end of this report.
- Members may note that, the aforesaid documents will be uploaded on the website of the Company viz. www.mukand.com and made available for inspection at the Registered Office of the Company during business hours.
13. As regards the re-appointment of retiring directors, viz. Dr. N. P. Jain (IFS, Retd.), Shri Prakash V. Mehta and Shri Pradip P. Shah referred to in item Nos. 4, 5 and 6 and the appointment of Shri Amit Yadav as director as referred to in item No. 8 of the notice respectively, their brief resumes, including shareholding details, have been given in the Report on Corporate Governance which forms part of the Directors' Report and members are requested to refer to the same.

By Order of the Board of Directors
For MUKAND LTD.

Mumbai
Dated : May 27, 2011

K.J.Malliya
Company Secretary

Registered Office:
Bajaj Bhawan, 3rd floor,
Jamnalal Bajaj Marg,
226, Nariman Point, Mumbai 400 021.

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

Item No.8 of the Notice

Shri Amit Yadav was appointed by the Board of Directors of the Company as an Additional Director on October 27, 2010. He holds office upto the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice along with deposit from a member proposing the candidature of Shri Amit Yadav for the office of the director of the Company.

Shri Amit Yadav does not hold any equity shares in the Company.

None of the other Directors of the Company, except Shri Amit Yadav is concerned or interested in the said Resolution.

The Directors recommend the Resolution for approval of the Members.

Item Nos. 9, 10 & 11 of the Notice

The Members, at the 70th Annual General Meeting held on 29th July 2008 had approved re-appointment of S/Shri Niraj Bajaj as Chairman and Managing Director, Rajesh V. Shah as Co-Chairman & Managing Director and Suketu V. Shah as Joint Managing Director for a period of 3 (three) years with effect from 5th July, 2008.

Further, extending their appointments, the Board of Directors of the Company at the meeting held on 27th May 2011, has, subject to the approval of the Members and Central Government, re-appointed S/Shri Niraj Bajaj as Chairman & Managing Director, Rajesh V. Shah as Co-Chairman & Managing Director and Suketu V. Shah as Joint Managing Director for a further period of 3 (three) years with effect from 5th July, 2011 to 4th July, 2014 on the terms as to remuneration recommended by the Remuneration Committee as set out herein.

S/Shri Niraj Bajaj, Chairman & Managing Director, Rajesh V. Shah, Co-Chairman & Managing Director and Suketu V. Shah, Joint Managing Director, subject to the supervision and control of Board of Directors, shall carry out such duties and perform such other functions and services as shall, from time to time, be assigned / entrusted to them by the Board of Directors.

S/Shri Niraj Bajaj, Rajesh V. Shah and Suketu V. Shah will not be liable to retire by rotation.

The draft agreements to be entered into by the Company with the Managing Directors, inter-alia, contain the following terms and conditions.

1. Term of Office :

Name	Designation	Period
Shri Niraj Bajaj	Chairman & Managing Director	5th July, 2011 to 4th July, 2014
Shri Rajesh V. Shah	Co-Chairman & Managing Director	5th July, 2011 to 4th July, 2014
Shri Suketu V. Shah	Joint Managing Director	5th July, 2011 to 4th July, 2014

2. Remuneration :

(a) Salary

Shri Niraj Bajaj	Rs.600,000/- in the scale of Rs.600,000/- - Rs.50,000/- - Rs.700,000/- p.m.
Shri Rajesh V. Shah	Rs.600,000/- in the scale of Rs.600,000/- - Rs.50,000/- - Rs.700,000/- p.m.
Shri Suketu V. Shah	Rs.560,000/- in the scale of Rs.560,000/- - Rs.50,000/- - Rs.660,000/- p.m.

(b) Perquisites

- Free furnished residential accommodation or house rent allowance as may be agreed upon between the Company and the concerned appointee.
The value of furniture provided shall not exceed Rs.1,200,000/- for each appointee.
- Reimbursement of gas, electricity, water charges and furnishings.
- Reimbursement of entertainment expenses in the course of business of the Company.
- Reimbursement of actual travelling expenses for proceeding on

leave from Mumbai to any place and return there from in respect of self and family in accordance with the rules specified by the Company from time to time.

- Medical insurance in accordance with the Scheme applicable to Senior Executives and reimbursement of medical expenses, including hospitalization, nursing home and surgical charges for self and family whether incurred in India or abroad including hospitalization, nursing home and surgical charges and in case of medical treatment abroad, the air fare, boarding, lodging for patient and attendant.
- Reimbursement of servants' salary.
- Reimbursement of membership fee for clubs in India or abroad, including any admission / life membership fee.
- Personal Accident Insurance Policy in accordance with the scheme applicable to senior executives.
- Cost of insurance cover against risk of any financial liability or loss because of any error of judgement as may be approved by the Board of Directors from time to time.
- Free use of Company's car along with driver.
- Telephone, telefax and other Communication facilities at the residence.
- Subject to statutory ceiling/s, the Managing Directors and Joint Managing Director may be given any other allowance/s, perquisites, benefits and facilities as the Board of Directors from time to time may decide.

Perquisites / allowances shall be valued as per Income-tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost, subject to a limit of 25% of salary as per (a) above.

(c) Other Perquisites

- Company's contribution to Provident Fund, Superannuation Fund / Annuity Fund to the extent these are singly or put together are not taxable under the Income Tax Act, 1961 or any other act legislated to replace it;
- Gratuity at the rate of half a month's salary for each completed year of service; and
- Leave with full pay as per the Rules of the Company, encashment of unavailed leave being allowed at the end of the tenure.

The other perquisites mentioned at (c) above shall not be included in the computation of perquisites for the purpose of ceiling on remuneration.

The terms and conditions of the said appointment and/or agreement may be altered and varied from time to time by the board as it may, in its discretion deem fit, including but not limited to the remuneration payable to S/Shri Niraj Bajaj, Rajesh V. Shah, Managing Directors and Suketu V. Shah, Joint Managing Director in accordance with the provisions of the Companies Act, 1956 or any amendments made therein or with the approval of the Central Government, if required.

MINIMUM REMUNERATION:

In the absence or inadequacy of profits in any financial year, S/Shri Niraj Bajaj, Chairman & Managing Director, Rajesh V. Shah, Co-Chairman & Managing Director and Suketu V. Shah, Joint Managing Director may be paid aforesaid remuneration by way of salary, perquisites and other allowances as minimum remuneration subject to the limits specified in para 1 (C) of Section II of Part II of Schedule XIII to the Companies Act, 1956. The perquisites mentioned in para 2 (c) of this statement shall not be included in the computation of the ceiling on minimum remuneration.

In the absence or inadequacy of profits in any financial year, the Company has to pay to the directors remuneration within the ceiling limit prescribed in Schedule XIII to the Companies Act, 1956. In case, the remuneration payable exceeds the prescribed ceiling limit, the Company has to take approval of the Central Government for making such payments. Therefore approval of the Shareholders is also sought for payment of remuneration to Managing Directors on the existing terms and conditions as per para 1 (B) of Section II, Part II of the Schedule w.e.f. 5th July, 2011 for a period of 3 years till the approval of Central Government is received for increase in remuneration.

Information pursuant to clause (iv) of the proviso to paragraph 1(C) of Section II, Part II of Schedule XIII to the Companies Act, 1956 is furnished hereunder.

I. GENERAL INFORMATION				Financial performance based on given indicators			
Nature of industry				The financial performance of the Company as reflected by total income, profit, earning per share and dividend recommended for the financial year ended 31st March, 2011 is as under:- <i>(Rs. in crore)</i>			
Manufacture of special alloy steel /stainless steel, billets, bars, rods, wire rods, EOT cranes, material handling equipment and other industrial machinery and comprehensive engineering services. It also undertakes road construction projects.				a. Total Income 2,599.07 b. Profit after tax 46.66 c. Earning per share Rs. 6.38 d. Rate of Dividend 10%			
Commencement of commercial production				Export performance & Net Foreign <i>(Rs. '000)</i>			
Date of commencement of business: 9th February, 1938				Exchange Earnings/ Outgo 2010-11 2009-10			
The Company's plants for manufacture of steel and industrial machinery are already in commercial production.				(i) Foreign Exchange Earnings 1,566,855 790,093 (ii) CIF value of imports 5,301,193 4,111,382 (iii) Expenditure in Foreign Currency 27,621 55,828			
Foreign investments or collaborations							
The Company has invested in 1,000 ordinary shares Stg. Pound (£) 1 each of Mukand International Ltd., a wholly owned subsidiary of the Company, the aggregate equivalent of Rs.50,000/- and in 5 ordinary shares of UAE Dirhams 1,000,000 each of Mukand International FZE, a wholly owned subsidiary of the Company, the aggregate equivalent of Rs. 62,524,000/-. The Company does not have any foreign collaboration.							
II. INFORMATION ABOUT THE APPOINTEES							
Nature of Information		Shri Niraj Bajaj		Shri Rajesh V. Shah		Shri Suketu V. Shah	
Background details		Shri Niraj Bajaj, 56, is a Commerce Graduate and MBA from Harvard Business School, U.S.A.. He joined the services of the Company in March 1983 as Senior Marketing Manager and since then held positions of General Manager (Marketing), Deputy Chief Executive, Executive Director. He was appointed Managing Director of the Company on August 10, 1994 and as Chairman & Managing Director w.e.f. July 14, 2007.		Shri Rajesh V. Shah, 59, is M.A. in Mathematics from Cambridge University, U. K. and MBA from University of California at Berkeley, U.S.A.. He has completed Programme for Management Development at Harvard Business School, U.S.A.. He joined the services of the Company in 1977 as Sales Manager (Rolled products) and since then held positions as Chief Marketing Manager, Deputy Chief Executive, Chief Executive and Executive Director. He was appointed Managing Director of the Company on August 10, 1994, as Vice-Chairman and Managing Director on May 22, 2007 and as Co-Chairman & Managing Director w.e.f. July 14, 2007.		Shri Suketu V. Shah, 56, is B.Com. (Hons.) and MBA from Harvard Business School, U.S.A.. He joined the services of the Company in December, 1984 as Senior Manager and since then held positions of General Manager (Commercial), Senior Vice-President. He was appointed President & Director on August 10, 1994 and as Joint Managing Director w.e.f. July 14, 2007.	
Past remuneration		The gross remuneration drawn by the appointees during the past 3 financial years are as under					
		Shri Niraj Bajaj		Shri Rajesh V. Shah		Shri Suketu V. Shah	
		Year	Rs. In lacs	Year	Rs. In lacs	Year	Rs. In lac
		2008-09	27.95	2008-09	29.71	2008-09	26.99
		2009-10	52.15	2009-10	54.40	2009-10	49.88
		2010-11	54.40	2010-11	54.38	2010-11	52.89
Recognition or awards		Selected by World Economic Forum as one of the "Global Leaders for Tomorrow" in 1993; Recipient of Arjuna Award, Shiv Chhatrapati Award and Maharashtra Gaurav Puraskar; President of Indian Merchants' Chamber during centenary year – 2007-08. He has been the President of the Alloy Steel Producers' Association of India, Indian Steel Development Assn., Chairman of the Indo Russian Federation – Joint Business Councils.		President of Confederation of Indian Industries (CII) for the year 1998-99. He has been a member of the International Young Presidents' Organization (YPO). He was on the International Board of Directors of YPO in 1996. He was an Independent Director on the Board of Oil and Natural Gas Corporation Ltd., and Hindustan Petroleum Corporation Ltd..		Chairman - Alloy Steel Producers Association of India; Past Chairman- (i) Confederation of Indian Industry (CII) – Western Region; and (ii) Young Presidents' Organisation (YPO) – Mumbai Chapter. Hon. Doctor of Humane Letters, Connecticut, U.S.A..	

Nature of Information	Shri Niraj Bajaj	Shri Rajesh V. Shah	Shri Suketu V. Shah
Job profile and suitability	He is responsible for Strategic Planning , Direction, Finance and Corporate Affairs. Sound knowledge of the steel industry, national & international finance & marketing and contemporary management techniques.	He is responsible for Strategic Planning, Direction, Production, Marketing and Human Resource. Sound knowledge of the steel industry, national & international markets, business process re-engineering / restructuring for diversification, expansion and new business forays.	He is responsible for Strategic Planning , Direction & Overseeing the operations of Ginigera Steel Plant and implementation of projects. Sound knowledge of the steel industry, technical processes & new economy areas.
Remuneration proposed	As mentioned in the Explanatory Statement.		
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The remuneration proposed takes into consideration nature and size of business operations; the qualifications, experience and contribution of appointees to all-round growth of the Company; present trends and norms observed in the steel industry for payment of managerial remuneration by companies of comparable size and nature of business. The proposed remuneration was recommended to the Board of Directors by the Remuneration Committee after elaborate discussion.		
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Does not have any pecuniary relationship with the Company except remuneration drawn as Managing Director/ Joint Managing Director and as a shareholder to the extent of their respective shareholdings in the Company. Shri Rajesh V. Shah and Shri Suketu V. Shah are related to each other.		
III. OTHER INFORMATION			
1. Reasons of loss or inadequate profits	The Company has been making profits since financial year 2003-04, except during FY: 2008-09 due to global economic meltdown, and it does not have any unadjusted past losses on its books of account as on 31st March, 2011. However, on account of recessionary conditions in domestic and international market coupled with long time taken in trial runs in its new project for steel making at Ginigera, Karnataka, heavy interest burden & subsequent squeeze of the working capital, the performance of the Company was hampered and it incurred losses during FY: 1998-99, 2000-01, 2001-02 and 2002-03 which is carried forward and have not been fully setoff / absorbed in the computation as per section 349 of the Companies Act, 1956 resulting in inadequacy of profits.		
2. Steps taken or proposed to be taken for improvement	The Company improved productivity, increased production and reduced costs at new steel plant at Ginigera by substantial efforts to improve processes and absorb new technology. The Company changed its product mix to value added items required by Global leaders by setting up downstream facilities to make heat treated steel, bright bars, wires, etc. from rolled bars, wire rods and increased exports. The interest burden was reduced by financial restructuring. The Company focused its attention on revenues from Industrial Machinery Division which has a good potential in terms of demand and profits in the growing economy. To meet the growing demand and achieve economies of scale, the Company embarked on Capital Expenditure Programme resulting in additional steel making and rolling capacities. The Company has invested in downstream facilities and the state of the art technology to meet the demands of global leaders and create a niche for its products. In its efforts towards conservation of conventional forms of energy, investment has been made in Captive Power Plant based on recovery of waste gases.		
3. Expected increase in productivity and profits in measurable terms.	The measures taken to improve productivity, increase production and reduce costs have resulted in higher profits in FY: 2004-05, 2005-06, 2006-07 and 2007-08. In spite of the global economic meltdown in FY: 2008-09, the Company is back on growth track since FY : 2009-10. This has resulted in reducing the carried forward deficiency under section 349 from Rs.464 crore as on 31.03.2004 to Rs. 255 crore as on 31.03.2011.		
IV. DISCLOSURES			
The information and disclosures of the remuneration package of the managerial personnel have been mentioned in the Annual Report in the Corporate Governance Report Section under the Heading "Remuneration of Directors" for the year ended 31st March, 2011.			

1. The draft agreements between the Company and S/Shri Niraj Bajaj, Rajesh V. Shah and Suketu V. Shah are available for inspection at the Registered Office of the Company between 10.00 a.m. and 12.30 p.m. on all working days upto and including the day of the Meeting.
2. The above may be treated as an abstract of the respective draft agreements between the Company and S/Shri Niraj Bajaj, Rajesh V. Shah and Suketu V. Shah pursuant to Section 302 of the Companies Act, 1956.

Memorandum of Interest

S/Shri Niraj Bajaj, Rajesh V. Shah and Suketu V. Shah may be deemed to be concerned or interested in the Resolutions which pertain to their respective appointments and remuneration payable to them.

S/Shri Rajesh V. Shah and Suketu V. Shah are related to each other. Hence, they may be deemed to be concerned or interested in Resolution Nos. 10 and 11.

None of the other Directors of the Company is, in any way, concerned or interested in these Resolutions.

The Directors recommend the Resolutions for approval of the Members.

By Order of the Board of Directors
For MUKAND LTD.

K.J.Mallya
Company Secretary

Mumbai
Dated : May 27, 2011
Registered Office:
Bajaj Bhawan, 3rd floor,
Jamnalal Bajaj Marg,
226, Nariman Point, Mumbai 400 021

DIRECTORS' REPORT

1.0 The directors present the 73rd Annual Report and audited statements of accounts of the Company for the year ended March 31, 2011.

2.0 Financial results:

(Rs. in Million)

	Current Year	Previous Year
Turnover : Gross Sales, Services and Other Income	28,403.81	21,728.74
Profit before tax (PBT)	613.58	620.02
Less : Tax Expense	147.22	0.63
Profit After Tax (PAT)	466.36	619.39
Add / (Less) : Prior period adjustments (net)	(0.07)	(0.64)
Add / (Less) : Excess / (Short) provision for tax	0.28	1.18
Profit after tax and prior period adjustments	466.57	619.93
Balance brought forward from previous year	300.63	--
Balance available for appropriations	767.20	619.93
Appropriations :		
Transfer from / (to) Debenture Redemption Reserve (Net)	40.14	66.25
Proposed Dividends and Tax thereon	(84.98)	(85.55)
Transfer to General Reserve	(420.00)	(300.00)
Balance carried to the Balance Sheet	302.36	300.63

3.0 Dividend :

The directors recommend a dividend of 10% on equity shares and 0.01% on cumulative preference shares. The dividend and tax thereon aggregate Rs.84.98 million for the year.

4.0 Performance:

4.01 The gross sales and other income for the year marked a 31% increase at Rs.28,404 million as against Rs.21,729 million over the previous year.

4.02 The profit before tax was marginally lower at Rs.613.58 million as compared to Rs.620.02 million in the previous year.

4.03 Revenues from export of specialty steel products of the Company almost doubled at Rs.1,535 million as against Rs.771 million of the previous year.

4.04 During the second quarter of the year, the Company completed the transfer and assignment of one twelfth of its lease hold rights of the land situated at Dighe, Thane and the net income arising from this transaction has been utilized for operations.

The salient features of the operating performance of each segment during the year under review are discussed in the following paragraphs.

4.10 Specialty Steel Division:

4.11 The gross sales of alloy, special and stainless steel long products increased by 37% at Rs.24,620 million compared to Rs. 17,954 million in the previous year. This increase is due to the rise in the volume of sales by 8% over the previous year. Increase in sales of high value products as a result of product development and an increase in selling price also contributed to the increase in sales.

4.12 Commodity prices rose sharply all over the world during the year under report which included prices of inputs required for making steel, viz., iron ore, metallurgical coke, scrap, nickel, fuel oil, ferro-alloys, etc.. The volatility of the Indian Rupee against the US Dollar also resulted in cost escalations. The overall impact of these factors amounted to a 42% increase in costs to the Company.

4.13 During the year under report, the Company increased its heat treatment and quality assurance facilities at its steel plant at Dighe, Thane.

4.14 At the Steel Plant at Ginigera, Karnataka, the Company installed a 15 mega watt captive power plant based on waste gases emitted from the mini blast furnace. The successful trial runs were conducted from 5th January 2011 and the Plant was commissioned in May 2011.

4.15 The market for specialty and alloy steel is likely to remain positive in the long run. The domestic automobile sector continues to move forward on the growth trajectory while the auto component sector is likely to witness a surge in its export markets with global automobile majors increasing its dependency on sourcing from countries like India. The Company has received approvals from renowned domestic and international customers to supply various grades of specialty steels. The Company has also developed several more grades of ball bearing steel which were hitherto imported.

The revival of the global economies further activated the markets for stainless steel products which are largely dependent on exports. The Company successfully tapped markets in the USA for export of pump shaft quality bars. It also exported hardened and tempered steel products to various countries. The Company exhibited its steel making & rolling prowess in the 'Dusseldorf Steel Wire Show', to buyers in the European markets and received encouraging results. To take advantage of the increased momentum in the stainless steel business, the Company is enhancing its downstream capacities to better suit the new global markets.

4.16 With the commissioning of the enhanced steel making and rolling capacity at its facilities in Dighe, Thane and Ginigera, Karnataka, the Company is poised to achieve its optimum utilization. The Company is continuously looking at measures to improve its margins through increasing the sales of value added steel products, widening the distribution network, and developing new products and strategic tie-ups with global automobile and auto component manufacturers operating in the country. The Company is confident that combined with its core strengths of being a one-stop-shop for all grades and sizes of specialty steel long products, flexibility in its manufacturing capabilities and expertise in developing new grades of steel / steel products within a short period of time, the Company will continue to consolidate and grow its top and bottom line.

4.20 Industrial Machinery Division:

4.21 Although the Industrial Machinery Division had adequate order booking at the beginning of the year, the turnover of this division was lower as many of the major customers, particularly, in the steel sector, delayed their projects. This resulted in the lower sales turnover of the division by 10% at Rs. 2,850 million as compared to Rs.3,177 million in the previous year. The division continues to hold a healthy order book for the year in progress at an aggregate of Rs.3,612 million.

Some of the major equipment manufactured and commissioned by the division in 2010-11 are :

- 2nd level luffing traveling tower crane for a large shipyard,
- Electrical level luffing cranes for ports,
- Major copper plant equipment for Copper Mines in Zambia,
- Mould assemblies and mould oscillators for the continuous casting machine for IISCO, and
- Completion of electrical works for the first unit of 500 MW at NTPC, Jajihar and third unit of Simhadri Power Plant.

4.22 During the year under report, the division booked orders for cranes, port equipment and copper plant equipment. The division along with IHI of Japan will jointly bid for tenders for projects in material handling equipment in India as well as overseas. The division is also implementing large projects within the country jointly with Mukand Engineers Ltd.

The markets for steel plant equipment that remained sluggish during the year are expected to improve in the second half of the year in progress. Meanwhile the division is concentrating on measures to reduce its costs to improve its margins and compensate for the lower realization.

4.30 Road Construction Division:

4.31 As the project is nearing completion, the revenue from this Division was lower for the year under review of Rs. 146 million as compared to Rs.285 million in the previous year. As on March 31, 2011, the Division completed 298 km of two lanes of the main carriage way and 71 km of service roads; representing 100% of the total work of both the Projects.

The "Takeover certificates" for both the projects, Kanpur and Varanasi, have been received from the National Highways Authority of India. Division has also received "Defect Liability Certificate" in April 2011 for the Project near Varanasi, denoting completion of the said project.

5.0 Finance:

5.01 The working capital borrowings in the second half of the year under review have gone up on account of the need to fund the increased costs for inputs like metallurgical coke, iron ore, ferro-alloys, furnace oil, etc. On achieving better utilization of capacity and improvement in margins, the Company expects to reduce its dependence on borrowed capital.

5.02 Fixed Deposits :

The Company accepts / renews fixed deposits from its shareholders and the public. The deposits outstanding at the close of the year amounted to Rs. 1,720.15 million (previous year : Rs.1,421.44 million), including Rs.9.12 million which remained unclaimed after maturity by depositors. The Company has, during the year, transferred Rs.0.98 million being unclaimed deposits and interest thereon to the Investor Education and Protection Fund set up by the Government of India.

6.0 Joint Ventures:

6.01 For stainless steel wires:

Mukand Bekaert Wire Industries Pvt. Ltd. was formed as a 50:50 venture of NV Bekaert SA, Belgium and Mukand Ltd. in September 2007, to manufacture stainless steel wires for the domestic and international markets.

In the year 2008-09, in the project execution stage, the JV issued additional equity over two phases. Although the Company continues to hold its original equity of Rs.130 million, it did not subscribe to the subsequent increases in share capital in view of its on-going Capital Expenditure programme and other commitments, resulting in a revised shareholding pattern of 86:14 with the Company holding 14%.

In light of the above, the joint venture agreement has been terminated with effect from 29th March 2011 but the Company continues to have one director on the Board of the JV Company. The working relationship between the promoter group of companies also remains strong with the Company continuing to be the supplier of stainless steel wire rods to this venture.

6.02 For coal mining:

The Ministry of Coal, Government of India, allotted the Rajhara North (Central & Eastern) Non-Coking Coal Block bearing reserves of 17.09 Million Tonnes in Jharkhand. A Joint Venture Company (JVC) was formed to mine this coal. Company's share of coal in the JVC is 10.05 Million Tonnes. The JVC has submitted the revised Mining Plans to Ministry of Coal. Simultaneously, settlement towards costs of infrastructure with Central Coalfields Ltd. is being actively pursued with the Ministry of Coal.

7.0 Industrial Relations:

The Company has maintained good and cordial relations with its workforce for over 25 years. A comprehensive wage settlement was concluded with its Union of Daily Rated Workmen for its Plant at Dighe, Thane for a period of four years and eight months which is effective from 1st November 2010. Wage increases for the other categories of employees are also being implemented.

The Company continues to train and motivate all employees to participate in all Total Quality Management activities resulting in the recertification of all existing ISO systems. It has 1,968 permanent employees on its rolls as at 31st March 2011.

8.0 Corporate Social Responsibility:

8.01 By the Company:

The Company continues to support and encourage developmental activities that are inclusive in nature. The Company, along with other organizations, aims to facilitate the achievement of a minimum education level of class ten for every girl child born on or after the year 2005 belonging to the SC/ST and economically disadvantaged categories in Thane district. Currently, the Company reaches out to 16,000 girl students studying in schools across seven Talukas of Thane District. School bags were also distributed to students studying in a school in Ginigera district, Karnataka.

The Company was also involved in the promotion, education and preservation of the mangroves in Thane district. The employees and families of our Thane facility were involved in activities such as tree plantation, spreading environmental awareness, etc.. The Company also implemented a pilot project to harvest rain water in its facility in Thane. A 24 hour disaster management cell has been set up in the Company which makes available its ambulance and fire engine to the neighboring areas in case of an emergency.

8.02 By the Group:

In addition to the activities carried out by the Company, the Bajaj Group of Companies is involved in a number of developmental initiatives relating to social, environmental and health issues. Some of the health related activities include, health care, prevention of HIV / AIDS and managing hospitals. On the education side, it includes managing schools and colleges and provides basic education and literacy to the children of scheduled castes and tribes. The Group is also involved in activities related to women's empowerment, social welfare, employment generation, promotion of Gandhian values, technical education, etc. and declares awards for excellence in these activities. The activities are implemented through its employees, Welfare Funds and Group NGOs / Trusts / Charitable Bodies operating at various locations in the Country.

9.0 Statutory disclosures:

9.01 The statutory disclosures in accordance with section 217 (1) (e) of the Companies Act, 1956, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo are made in Appendix-I to the report.

9.02 None of the employees is covered within the purview of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and therefore, no statement is required to be given under the said Section.

9.03 The Company has five wholly owned Subsidiary Companies, viz. Mukand Global Finance Limited, Vidyavihar Containers Limited, Mukand International Limited (MIL), Mukand Vijayanagar Steel Limited and Mukand International FZE (MIFZE). During the year Company purchased five shares of UAE Dirham 1.00 million each in MIFZE, a wholly owned Subsidiary of MIL. MIL has during the year, reduced its share capital from £ 600,000 to £ 1,000 and returned £ 599,000 to the Company.

A statement pursuant to section 212 of the Companies Act, 1956 setting out the details of these subsidiaries is attached to the Balance Sheet. The Company has been exempted by the Central Government from attaching the financial statements of subsidiary companies to the Accounts of the Company for the Financial Year 2010-2011. A summary of key financials of the subsidiaries is included in the Annual Report. The Annual Accounts of these subsidiaries and the related detailed information are available to the shareholders of the Company and other investors seeking such information at any point of time at the Registered Office of the Company. The Annual Accounts are also available for inspection by any investor at the Registered Office of the Company and that of the Subsidiary Company concerned.

9.04 Consolidated financial statements (CFS), pursuant to clause 32 of the Listing Agreement, have been prepared by the company in accordance with the requirements of Accounting Standard 21 prescribed under the Companies Act, 1956.

9.05 A report on corporate governance, pursuant to clause 49 of the Listing Agreement, along with the certificate from practising company secretaries regarding compliance of conditions of corporate governance and management discussion and analysis are separately given in this report.

10.0 Directors' Responsibility Statement:

Pursuant to section 217 (2AA) of the Companies Act, 1956, the directors confirm that:

- I. in the preparation of the annual accounts, the applicable accounting standards have been followed;
- II. appropriate accounting policies have been selected and applied consistently. Judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as on March 31, 2011, and of the Profit of the Company for the year ended March 31, 2011;
- III. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. the Annual Accounts have been prepared on a going concern basis.

11.0 Group :

Pursuant to an intimation from the Promoters, the names of the Promoters and entities comprising "Group" as defined under the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 are

disclosed in the Annual Report for the purpose of Regulation of 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

12.0 Directors:

12.01 Shri Rahul Bajaj, who has been on the Board of the Company since 1976 and was Chairman of the Company during the period 1999 to 2007, did not seek re-appointment on his retirement at the last Annual General Meeting held on 28th July, 2010. The Board acknowledges the unique and outstanding contribution made by him to the all round growth of the Company.

12.02 Shri T. Chattopadhyay, who joined the Board of Directors of the Company on 29th May, 2004 has ceased to be a Director of the Company with effect from 31st May, 2010. The Board places on record its appreciation of the valuable services rendered by him during the tenure of his office as Director. Shri Amit Yadav appointed as Additional Director in the meeting of the Board held on 27th October 2010, holds office as such, upto the date of ensuing Annual General Meeting. A notice has been received from a shareholder proposing his appointment as Director of the Company.

12.03 Dr. N.P. Jain, Shri Prakash V. Mehta and Shri Pradip P. Shah, Directors of the Company, retire by rotation and are eligible for re-appointment.

13.0 Auditors:

Messrs Haribhakti & Co., Chartered Accountants, Mumbai, Auditors of the Company, retire and are eligible for re-appointment.

14.0 Auditors' Report:

The observations made in the auditors' report, read together with the relevant notes thereon are self-explanatory and hence, do not call for any comments under section 217 of the Companies Act, 1956.

15.0 Acknowledgement:

The Board of Directors thanks the Banks, Financial Institutions, Central and State Government Authorities, Shareholders, Customers, Suppliers and Business Associates for their continued co-operation and support to the Company. The Company also places on record, appreciation of the dedication and commitment of its employees at all levels and looks forward to their continued support in the future.

On behalf of the Board of Directors,

Niraj Bajaj
Chairman &
Managing Director

Rajesh V Shah
Co-Chairman &
Managing Director

Mumbai, May 27, 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

A clean, green path to excellence

Towards excellence

The Company has qualified for the ISO 14,001 : 2004 standard from Bureau Veritas Corporation reflecting its conformance to environmental norms (EMS). In the year 2011, the Ginigera, Karnataka facility won the international safety award with merit from the British Safety Council, London. The Company received the Varroc Excellence Award – Bronze in the raw material category for sustaining excellence; and the regional export award for our outstanding export performance from the Engineering Export Promotion Council in the category of star performers in product group for 2008 – 2009. All other existing ISO systems have been recertified, indicating the Company's adherence to quality management norms.

Specialty steel

The steel division continued to focus on optimizing the new capacities made available as a result of the capital expenditure incurred by the Company in the previous years. The Alloy steel business of the Company is largely dependent on the automobile industry which continues to grow, especially in India. Infact the Indian automobile industry marked a significant growth even as the industry in other parts of the world was negatively affected by the global meltdown. The revival of the global economies that is envisaged by industry watchers will result in the revival of global markets. Attractiveness of the Indian domestic market coupled with the stagnation of the markets in Europe, US and Japan is also having a positive impact on the Indian markets with global automobile companies shifting new capacities and flow of capital to the Indian markets.

The Company produces alloy steel using the mini blast furnace route with iron ore and coke as the major inputs. The Company experienced erratic supplies from the mines where we have long term contracts under the Strategic Alliance Agreement, on account of issues relating to price, environment and logistics resulting in the Company being forced to marginally slowdown its steel production.

The stainless steel segment is largely dependent on the export market as India is yet to become a large consumer of stainless steel. The Company re – entered the US market after a long gap with the export of pump-shaft-quality bars with stringent quality requirements and consolidated this market in a short span of time. The Company took advantage of the commissioning of the hardening and tempering furnaces and developed new products for new markets in Europe, US and Middle - East.

The steel industry witnessed an increase of capacities especially in rolled products, resulting in pressures on the pricing of steel products of the Company. However, it also witnessed a simultaneous growth in the overall steel markets.

Product development is an essential part of any successful and progressive company. The Company is well known for having developed several import substitutions and new products like the low Nickel, austenitic stainless steel to suit the buying power of developing nations. This low nickel grade of stainless steel has now become a world standard by assuming nearly 10% of the total stainless steel produced in the world. The Company is now engaged in developing high quality alloy steels for manufacture of all types and components of bearings and micro alloyed steels which help reduce processing costs of the customer and the component weight.

The continual rise in commodity prices is causing stress to the steel industry which is dependent on inputs such as nickel, iron ore, metallurgical coke, chromium, furnace oil and other alloys. The Company was forced to increase its selling prices on two occasions during the year under report, but the time lag between the increase in input costs and selling prices restricted the growth in the bottom line.

The floods in Australia during December / January, resulted in a sharp rise in prices of coking coal / low ash metallurgical coke as Australia is the largest producer / exporter of coking coal. The country had envisaged restoring normalcy to the trade by April 2011, which would have resulted in softening of the prices, but the heavy rains in the month of March 2011 delayed this further.

Nature's fury also hit scrap prices due to the closure of many scrap yards in Europe and the US as a result of the heavy snow fall in December / January. Other commodities such as Nickel, crude oil / furnace oil etc too saw a rise in the year under report, although this was not related to any natural calamity.

Increase in commodity prices naturally results in higher costs for the Company. The measures taken by the Company in line with energy conservation, utilizing the waste iron ore fines by setting up a sinter plant and other cost reduction steps will bring down the costs of the Company's products. Increase in the volume of sales and greater demand for the Company's high value products also contributed to the top and bottom line.

The Company is working on the specific approvals required to start operating the non coking coal mine in Jharkhand .

Industrial Machinery

The growth in the Industrial Machinery division of the Company witnessed a slump as a result of the slow down by its customers in executing their projects. The Company is the industry leader in the manufacture of heavy duty electric overhead traveling cranes but orders for such cranes too witnessed a slowdown in the year under report. The Company expects an improvement in the second half of the year in progress.

During the year, the Company executed a few noteworthy orders such as the second 60 metre boom level luffing traveling tower crane for a shipyard in South India. The first such crane was commissioned by the Company in the previous year and these two cranes are among the largest capacity cranes in this category in India.

In the year in progress, the Company will jointly bid with IHI, Japan for some of the tenders in India. The Company also executed projects, jointly with Mukand Engineers Limited, for large public sector enterprises.

The Company continues to lay emphasis on cost reduction, product development and responding to market changes effectively ensuring increased value for all its stake holders.

Internal control systems

The Company has in place adequate systems for internal controls that provide assurances on the efficiency of operations, security of assets, statutory compliances, appropriate authorization, reporting and recording of transactions. Regular reports on the review of the systems and procedures are prepared by the management audit department. The scope of the audit activity is broadly guided by the annual audit plan approved by the Audit Committee. The Chairman and Managing Director of the Company regularly reviews significant audit observations, discusses corrective measures with the senior managers. The Chief of Management Audit monitors the implementation of these suggested measures.

Towards sustainability

Several decades ago when the company imported a dust collector from Sweden, sustainability and green growth were not buzz words in any industry. We imported the dust collector simply because we wanted to ensure that our activities caused minimum damage to the environment.

Today, as the world moves closer to depleting almost all the natural resources of our planet; green growth, sustainability and environment consciousness are top priorities for almost all industries.

In an industry such as ours, green product development brings with it unique challenges. Going green perhaps is not just a challenge, but a near improbability. Yet our own eco consciousness, spurred by the inroads made by our customers, encouraged us to appraise the greenable attributes of our processes and products.

It is common knowledge that steel making involves several polluting processes and also deplete natural resources. But our commitment and responsibility to the future generations force us to innovate or adopt alternate processes that are less polluting while controlling or minimizing the consumption of natural resources essential for steel making.

The setting up of the power plant based on waste gases emitted from the mini blast furnace is one such endeavour. We are also setting up an iron ore drying unit using energy from waste gases which will result in reducing the coke consumption. Several measures to reduce energy consumption have already been adopted or are in the process of being adopted at both facilities. At our facility in Dighe, Thane, we adopted newer annealing processes that eliminated the acid pickling of wire rods prior to annealing. We also expanded our shot blasting facilities which is more environment friendly than the conventional pickling process.

The steel industry lacks a green heritage as its processes and products were developed before sustainability was a concern. However, our commitment to achieving excellence through a cleaner and a more

sustainable environment has led us to integrate new technologies that will facilitate this.

Although some of these measures are simple tiny steps, together and over a period of time they sure make a positive impact. Measures such as replacing the roofing sheets at our workshops with transparent sheets at regular intervals for optimum use of natural light, changing to CFL / LED lighting, installing timers to our street lights and automatic shut off systems, adopting efficient burner operations, installing solar heating, etc. have all contributed in many little ways towards energy conservation.

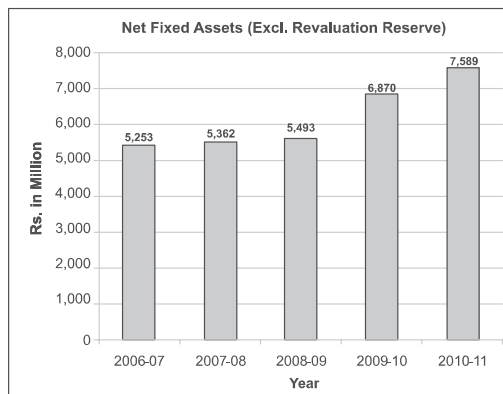
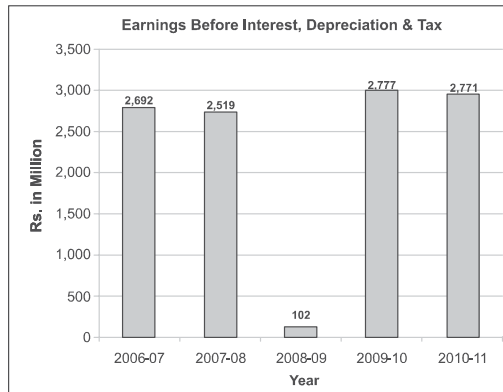
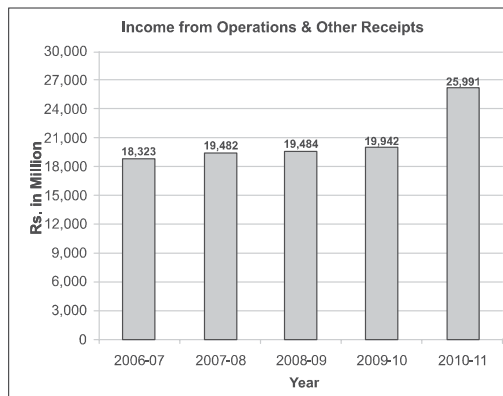
Conserving water, one of the depleting natural resources, continues to remain one of our priorities. We monitor its usage on a daily basis and control all excesses while adopting measures such as rain water harvesting, recovering, treating & recycling waste water, installing waterless toilets, etc..

Increasing our green cover by planting thousands of trees and converting both our facilities, at Dighe, Thane and Ginigera, Karnataka, into mini

forests was a baby step towards awakening our consciousness. We are also in the process of setting up a bio gas plant based on bio wastes from our canteens and gardens. This will not only bring down consumption of energy from conventional sources but also help in costs saving from waste disposal efforts.

Our commitment to sustainability is not limited to the industrial processes and products but is evident across all our actions. Switching off the electricity when not required, using paper only if absolutely essential and reusing it wherever possible, minimizing the consumption of bottled water there by reducing the use of plastic, are some of the apparent changes we are working towards in our everyday life. It is a commitment to bring about a cultural change in the way each of us live our lives so that we conserve and preserve this planet for future generations.

Today, green growth has not only risen to the top of the agenda for many businesses but even the ministry of corporate affairs has adopted a green initiative by permitting paperless compliances by companies. A step that will save a million trees and preserve the green cover.



CORPORATE GOVERNANCE REPORT

Corporate Philosophy: Mukand continues to uphold its commitment to adhere to high standards of Corporate Governance. The Company strives to ensure transparency in all its operations, make disclosures and comply with various laws and regulations. Emphasis therefore, is on adding value to its shareholders, investors, employees, suppliers, customers and the community.

1. THE BOARD OF DIRECTORS:

1.1 Composition and size of the Board:

The Board at present consists of 11 directors, including the Executive Chairman. Out of these 11 directors, 8 are non-executive directors, which include 6 independent directors. The Company has had no pecuniary relations or transactions with the Non-Executive Directors.

1.2 Board Meetings:

During the year under review, four Board Meetings were held on May 26, 2010; July 28, 2010; October 27, 2010 and February 07, 2011. The Board was presented with relevant and necessary information at these meetings. The attendance of each director at the Board Meetings during the year and at the last Annual General Meeting along with details of number of other public limited companies and committees where he is a director and member/chairman respectively is tabulated below:

Name	Category	Attendance Particulars		No. of positions held in other public limited companies		
		Board Meetings	Last AGM	Directorships	Committee Memberships	Committee Chairmanships
Shri Niraj Bajaj	P.CMD	4	Yes	11	1	-
Shri Rajesh V. Shah	P.CCMD	4	Yes	6	2	-
Shri Rahul Bajaj ¶	P.NED	1	Yes	7	-	-
Shri Dhirajlal S. Mehta	I. NED	4	Yes	4	3	-
Shri Suketu V. Shah	P.Jt.MD	4	Yes	10	1	3
Shri Vinod S. Shah	NED	4	Yes	8	-	-
Dr. N.P. Jain, IFS (Retd.)	I.NED	4	Yes	1	-	-
Shri Narendra J. Shah	P.NED	3	Yes	-	-	-
Shri N.C. Sharma	I.NED	4	Yes	4	2	-
Shri T. Chattopadhyay §	I.NED	-	N.A.	1	-	-
Shri Prakash V. Mehta	I.NED	4	Yes	8	5	1
Shri Pradip P. Shah	I.NED	4	Yes	14	6	2
Shri Amit Yadav §	I.NED	2	N.A.	-	-	-

¶ Ceased to be a director w.e.f July 28, 2010

§ Ceased to be a director w.e.f May 31, 2010

\$ Appointed during the year w.e.f. October 27, 2010

P: Promoter; CMD: Chairman & Managing Director; CCMD : Co-Chairman & Managing Director; I: Independent; NED : Non-Executive Director; Jt.MD: Joint Managing Director

None of the directors is a member of more than ten committees or acting as Chairman of more than five committees across all companies in which he is a director.

1.3 Re-appointment of Directors:

Dr. N.P. Jain, IFS (Retd.), Shri Prakash V. Mehta and Shri Pradip P. Shah retire by rotation and are eligible for re-appointment. Shri. Amit Yadav was appointed as an Additional Director at the Board Meeting held on October 27, 2010 and holds office upto the date of the ensuing Annual General Meeting. It is proposed to appoint him as a director at the 73rd Annual General Meeting. Their attendance record in Board/General meetings during the year under review is given in the Table hereinabove. Their brief particulars are as follows:

Dr. N.P. Jain, IFS (Retd.), born in 1930, is a retired diplomat from the Indian Foreign Service. In addition to having been Secretary, Ministry of

External Affairs, Govt. of India, he has served as India's Ambassador to the European Union, Nepal, U.N., Mexico and Belgium. In the recent years, Dr. Jain was a Member of the Board of Directors of Exim Bank of India Ltd., Credit Lyonnaise and number of other public limited companies in the steel, chemicals, textiles, electronics, agri-business, power sectors etc. He has been on the Board of Directors of Mukand Ltd. since 1990.

Shri Prakash V. Mehta, born in 1942, has graduated in Law from the University of Bombay in 1963 and qualified as a Solicitor in 1966. He was appointed as a Notary in 1996. He is a Member of the Maharashtra & Goa Bar Association and also a Member of the Managing Committee of the Bombay Incorporated Law Society. His areas of specialization include Joint Ventures & Foreign Collaborations, Property Law and Corporate Law. At present, he is one of the senior partners at M/s. Malvi Ranchoddas & Co., Advocates & Solicitors, Mumbai. The details of his directorships and committee memberships in listed companies are as follows :-

Advani Hotels & Resorts Ltd.	-	Committee Member
Bharat Bijlee Ltd.	-	- do -
Hikal Ltd.	-	- do -
JBF Industries Ltd.	-	- do -
Mukand Engineers Ltd.	-	- do -
PCS Technology Ltd.	-	- do -
W H Brady & Co. Ltd.	-	- do -

Shri Pradip P. Shah, born in 1953 holds an MBA from Harvard Business School and is a Commerce graduate of the University of Bombay. He is a qualified Chartered Accountant and Cost Accountant. He ranked first in India in the Chartered Accountancy examinations. He is engaged in corporate finance and private equity advisory business and is presently the Chairman of IndAsia Fund Advisors Private Limited. Prior to starting IndAsia, he was associated with the establishment of the Indocean Fund, was founder Managing Director of The Credit Rating Information Services of India Limited (CRISIL) and assisted in founding Housing Development Finance Corporation (HDFC) in 1977. Shri Shah has also served as a consultant to USAID, World Bank and Asian Development Bank. The details of his directorships and committee memberships in Listed Companies are as follows :-

BASF India Ltd.	-	Committee Member
Grindwell Norton Ltd.	-	- do -
Kansai Nerolac India Ltd.	-	Committee Member
KSB Pumps Ltd.	-	- do -
Panasonic Battery India Co. Ltd.	-	Committee Member
Patni Computer System Ltd.	-	- do -
Pfizer Ltd.	-	- do -
Shah Foods Ltd.	-	- do -
Sonata Software Ltd.	-	Committee Member
Tata Investment Corporation Ltd.	-	- do -
Wyeth Limited	-	- do -

Shri Amit Yadav, born in 1954 is B.Sc. (Engg.) Civil with honours from Punjab Engineering College, Chandigarh and holds qualifications in Computer. He is a Fellow Member of Institution of Engineers (India) and a member of the panel of Arbitrators of Construction Industry Arbitration Council, New Delhi. During his career spanning 31 years, he was associated with Public Health Department of Uttar Pradesh (U.P.) and U.P. State Electricity Board. He has wide and varied experience covering Design, Planning & Project Management of power and real estate projects. He joined Life Insurance Corporation of India (LIC) in 1996 and at present is working as Executive Director (Engineering) at Central Office, Mumbai with overall responsibility for all engineering functions and development of real estate.

2. AUDIT COMMITTEE :

The Audit Committee consists of Dr. N.P. Jain (IFS, Retd.), Chairman, Shri Dhirajlal S. Mehta, Shri N.C. Sharma and Shri Prakash V. Mehta all of whom are Independent Directors. Terms of Reference of the Audit Committee specified by the Board are as mandated under Section 292A

of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges as and when applicable.

During the year under review four meetings of the Audit Committee were held. All the members viz. Dr. N.P. Jain (IFS, Retd.), Chairman, Shri Dhirajlal S. Mehta, Shri N.C. Sharma and Shri Prakash V. Mehta attended all the four meetings of the Committee. These Meetings were generally attended by the Statutory Auditors, Cost Auditors, Chief – Management Audit, and Shri Niraj Bajaj - Chairman & Managing Director, Shri Rajesh V. Shah - Co-Chairman & Managing Director, Shri Suketu V. Shah - Joint Managing Director and Shri S.B. Jhaveri – Chief Financial Officer. Shri K.J. Mallya - Company Secretary acts as Ex-officio Secretary to the Audit Committee.

Apart from considering un-audited and/or audited financial results for the relevant quarters and for the year prior to adoption/ approval by the Board, the Committee focused its attention on key areas impacting the overall performance of the Company, Operations of Plants, Management Audit, Cost Audit, Review of Internal Control System, Energy Conservation/ Saving and Cost Control measures, I.T. Security and Management Information System, Major Accounting Policies and Practices, Current Assets Management, Performance Reviews, Annual Budget and Annual Internal Audit plan. Based on the Committee's discussions and review of the observations of the reports submitted by the Company's internal audit department on systems and controls, cost control measures and statutory compliance in various functional areas, the Audit Committee advises the management on areas where greater internal control and internal audit focus was needed and on new areas to be taken up for audit.

3. REMUNERATION OF DIRECTORS:

The Company has a Remuneration Committee which consists of Dr. N.P. Jain, Chairman, Shri Dhirajlal S. Mehta, Shri N.C. Sharma and Shri Prakash V. Mehta as members, all of whom are Independent Directors.

The Shareholders at the Annual General Meeting of the Company held on July 29, 2008 had re-appointed Shri Niraj Bajaj as Chairman & Managing Director, Shri Rajesh V. Shah as Co-Chairman & Managing Director and Shri Suketu V. Shah as Joint Managing Director for a period of 3 years w.e.f. July 5, 2008 on remuneration as per the recommendation of the Remuneration Committee.

The Remuneration Committee at the meeting held on May 27, 2011 recommended to the Board revision in remuneration of Shri Niraj Bajaj – Chairman & Managing Director, Shri Rajesh V. Shah – Co-Chairman & Managing Director and Shri Suketu V. Shah - Joint Managing Director, whose term expires on July 4, 2011, on completion of three years. The Board of Directors, subject to the approval of Shareholders and Central Government has appointed Shri Niraj Bajaj as Chairman & Managing Director, Shri Rajesh V. Shah as Co-Chairman & Managing Director and Shri Suketu V. Shah as Joint Managing Director for a period of three years w.e.f. July 5, 2011. The remuneration to proposed appointees will be as per the recommendations of the Remuneration Committee. Details of the remuneration and the terms and conditions of their appointments are given in the Explanatory Statement to the Notice for the 73rd Annual General Meeting sent to the members of the Company alongwith the Annual Report.

The details of remuneration of Shri Niraj Bajaj - Chairman & Managing Director, Shri Rajesh V. Shah - Co-Chairman & Managing Director and Shri Suketu V. Shah - Joint Managing Director paid for FY: 2010-11 are given below:

	(Rs. in lacs)		
Remuneration Package	Niraj Bajaj	Rajesh V. Shah	Suketu V. Shah
Salary and allowances	45.00	45.00	43.87*
Contribution to Provident Fund and Other funds	6.40	6.40	6.04
Perquisites	3.00	2.98	2.98
TOTAL	54.40	54.38	52.89

* Includes Leave Encashment

The Chairman & Managing Director, the Co-Chairman & Managing Director and the Joint Managing Director have agreements with the Company for a period of 3 years which can be terminated by giving 6 months' notice in writing.

The Company does not pay any remuneration to the Non-executive Directors of the Company except for the payment of sitting fees for attending Board / Committee meetings. The Company has not issued stock options to any of its Directors.

Details of sitting fees paid to the Non-executive Directors during the year ended March 31, 2011 and the shares in the Company held by them as on March 31, 2011 are as under:-

Sr. No.	Name of the Director	Sitting Fees (Rs.)	Shareholding	
			Equity Shares (Nos.)	0.01% Cumulative Redeemable Preference Shares (Nos.)
1	Shri Rahul Bajaj	15,000	136,022	23,311
2	Shri Dhirajlal S. Mehta	155,000	277	69
3	Shri Vinod S. Shah	70,000	6,032	464
4	Dr. N. P. Jain, IFS(Retd.)	155,000	40	10
5	Shri Narendra J. Shah	50,000	99,605	8,245
6	Shri N.C. Sharma	155,000	-	-
7	Shri Prakash V. Mehta	140,000	2,000	-
8	Shri Pradip P. Shah	70,000	96	24
9	Shri Amit Yadav	40,000	-	-

4. SHAREHOLDERS' / INVESTORS' GRIEVANCES:

The Shareholders' / Investors' Grievance Committee consists of Shri N. C. Sharma -Chairman, Shri Dhirajlal S. Mehta and Dr. N.P. Jain (IFS, Retd.) all of whom are Independent Directors. The Tenth meeting of the Committee was held on May 27, 2011. As on March 31, 2011, no request for transfer of shares and for dematerialization/ rematerialisation of shares was pending for approval. Shri K.J. Mallya, Company Secretary is the Compliance Officer.

There were no major complaints from the investors. Routine complaints relating to non-receipt of annual report, details of shares offered, payment of dividends, transfer of shares, dematerialisation of shares and request for change of address, etc. were attended generally within 3/4 days. The Company had received 4 complaints from shareholders through the Securities and Exchange Board of India (SEBI) which were promptly attended.

5. GENERAL BODY MEETINGS:

Last three Annual General Meetings were held at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226 Nariman Point, Mumbai 400 021 on the following dates and time:

AGM	Date	Time
70th	July 29, 2008	4.00 p.m.
71st	July 27, 2009	4.00 p.m.
72nd	July 28, 2010	4.00 p.m.

The Company had passed 3 Special Resolutions in the Annual General Meeting held on July 29, 2008 for re-appointment and payment of remuneration to Shri Niraj Bajaj as Chairman & Managing Director, Shri Rajesh V. Shah as Co-Chairman & Managing Director and Shri Suketu V. Shah as Joint Managing Director which were put to vote by show of hands and were passed unanimously.

6. DISCLOSURES:

6.1. Related Party Transactions:

There were no materially significant related party transactions made by the Company with its promoters, directors or their relatives during the year, which may have potential conflict with the interest of the Company at large. The details of transactions with related parties are disclosed in the Accounts.

6.2. Compliance with Regulations:

There were no non-compliance matters related to capital markets by the Company during the last three years, nor did the Company attract any penalties or strictures passed by the stock exchanges, SEBI or any other statutory authority.

6.3. Risk Management:

The process of identification and evaluation of various risks inherent in the business environment and the operations of the Company and initiation of appropriate measures for prevention and/or mitigation of the

same are dealt with by the concerned operational heads under the overall supervision of the Managing Directors of the Company. The Audit Committee periodically reviews the adequacy and efficacy of the overall risk management system.

7. CODE OF CONDUCT:

The Company adopted a Code of Conduct for its Directors and Senior Management cadres in the meeting of Board of Directors held on October 28, 2005. The Directors and senior management personnel have affirmed their compliance of the Code of Conduct.

8. CODE FOR PREVENTION OF INSIDER TRADING:

The Company has instituted a Code of Conduct for prevention of Insider Trading in the securities of the Company for its Directors and key managerial staff as required by SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time.

9. CEO AND CFO CERTIFICATION:

In accordance with the requirement of clause 49(V) of the Listing Agreement, the CEOs i.e., Chairman & Managing Director and Co-Chairman & Managing Director and CFO i.e., Chief Financial Officer have furnished the requisite certificate to the Board of Directors of the Company.

10. MEANS OF COMMUNICATION:

The quarterly un-audited and yearly audited financial results are published in English and regional language newspapers. The financial results, shareholding pattern and other corporate communication to stock exchanges, filed in compliance of clause 52 of the Listing Agreement, under Corporate Filing and Dissemination System (CFDS) are available at the website www.corpfiling.co.in and on the corporate website of the Company www.mukand.com. The Management Discussion and Analysis is a part of the Annual Report. All financial and other vital information is promptly communicated to the Stock Exchanges where the Company's shares are listed.

Information, in words and visuals, about the Company and its businesses, including products manufactured, projects executed, facilities and processes, quality policy, financial results, shareholding pattern, code of conduct etc. is available at the corporate website: www.mukand.com.

11. SHAREHOLDERS' INFORMATION:

11.1 Annual General Meeting:

Date	Wednesday, July 27, 2011
Time	4.30 p.m.
Venue	Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021.

11.2 Financial Calendar:

Financial Year: April 1 to March 31

Consideration of Financial Results (tentative):

i.	First quarter	[unaudited]	last week of July.
ii.	Second quarter	[unaudited]	second week of November.
iii.	Third quarter	[unaudited]	second week of February.
iv.	Annual	[audited]	last week of May.

11.3 Date of Book Closure and Dividend Payment:

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 16th July, 2011 to Wednesday, the 27th July, 2011 (both days inclusive) for the purpose of payment of dividend on Equity Shares and 0.01% Cumulative Redeemable Preference Shares.

The equity and preference dividend as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting, will be paid at par on or after August 2, 2011 to those members whose names appear on the Company's Register of members as holders of equity / preference shares in physical form on July 15, 2011. In respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership details to be furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for this purpose.

11.4 Stock Exchange Listing:

Equity Shares and 0.01% Cumulative Redeemable Preference Shares (CRPS) of the Company are listed on Bombay Stock Exchange Ltd.(BSE) and National Stock Exchange of India Ltd.(NSE) and the applicable listing fees have been duly paid to the Exchanges.

11.5 Stock Code:

	Equity	CRPS
1. BSE	500460	700087
2. NSE	MukandLtd	Mukandcrps
3. ISIN	INE 304A01026	INE 304A04012

11.6 Stock Price Data:

Monthly highs and lows of the Company's Equity Share prices on the BSE and NSE in the year 2010-11 are given hereunder:

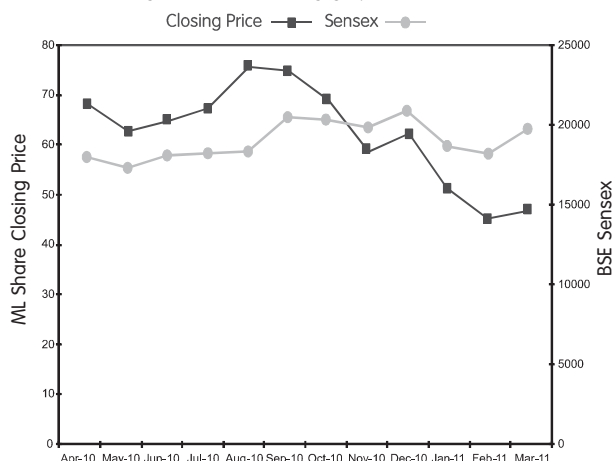
Rs. per share

Month	B S E		N S E	
	High	Low	High	Low
Year 2010				
April	72.00	54.90	71.90	61.40
May	71.75	58.00	72.00	57.75
June	68.35	61.20	68.45	61.20
July	75.00	62.75	79.00	62.00
August	86.85	67.00	86.80	67.05
September	84.00	72.80	84.20	72.50
October	77.10	67.35	77.80	67.30
November	76.05	51.00	71.40	55.15
December	63.10	51.65	62.85	50.10
Year 2011				
January	64.80	50.05	64.40	50.15
February	51.70	41.00	52.40	41.00
March	46.45	41.70	47.40	41.60

During the year, CRPS were traded on BSE and the price ranged between Rs. 3.22 and Rs.10.35 per share.

11.7 Comparative Stock Price Performance :

The Equity share prices of the Company on BSE in comparison with the BSE sensx are given in the following graph:



11.8 Share Transfer Agents:

M/s Kary ComputerShare Private Limited are the Share Transfer Agents of the Company for carrying out work relating to Share transfers of the Company.

11.9 Share Transfer System:

The Share transfers are approved by a Committee of Directors, which is normally done once in 10 days. Share transfers are registered within a period of 15 days from the date of receipt, if the documents are complete in all respect. The Company has followed the guidelines issued by SEBI for dematerialisation of Shares.

During the year, 17,116 Equity Shares and 3,418 CRPS were transferred in physical (non-dematerialized) form.

11.10 Distribution of Shareholding:

The Company had 49,063 Equity Shareholders and 43,368 CRPS holders as on March 31, 2011. Distribution of shareholding is given in the table hereunder:

Distribution of Shareholding	No. of Equity Shares	% of Equity Shares	No. of Equity Share holders	% of Equity Share holders
Upto - 50	552,276	0.76	24,055	49.03
51 - 100	803,897	1.10	9,378	19.11
101 - 500	2,930,246	4.00	11,206	22.84
501 - 1,000	1,843,674	2.52	2,296	4.68
1,001 - 5,000	3,544,736	4.85	1,654	3.37
5,001 - 10,000	1,499,606	2.05	206	0.42
10,001 & above	61,939,694	84.72	268	0.55
Total	73,114,129	100.00	49,063	100.00

Distribution of Shareholding	No. of CRPS	% of CRPS	No. of CRPS holders	% of CRPS holders
Upto - 50	415,323	7.38	39,098	90.15
51 - 100	156,817	2.79	2,024	4.67
101 - 500	376,352	6.69	1,766	4.07
501 - 1,000	160,935	2.86	215	0.50
1,001 - 5,000	415,137	7.38	190	0.44
5,001 - 10,000	222,779	3.96	29	0.07
10,001 & above	3,878,977	68.94	46	0.10
Total	5,626,320	100.00	43,368	100.00

The shareholding pattern of Equity Shares as on March 31, 2011 is given in the table as under:

Sl. No.	Category of Shareholders	No. of Shares	% of Total Shareholding
1	Promoter & Promoter Group	40,282,128	55.09
2	Mutual Funds and Unit Trust of India	6,027	0.01
3	Financial Institutions & Banks	231,439	0.32
4	Insurance Companies	7,452,308	10.19
5	Other Bodies Corporate	8,139,145	11.13
6	Foreign Institutional Investors	2,031,703	2.78
7	Non Resident Indians / OCBs	223,939	0.31
8	Indian Public	14,747,440	20.17
	Total	73,114,129	100.00

11.11 Dematerialisation of Shares and liquidity:

The Company's Shares are dealt with at both the depositories viz. NSDL and CDSL. The Company for the benefit of the Shareholders has made one time payment to NSDL towards custodial charges. During the year, 62,631 Equity Shares and 6,613 CRPS were dematerialised in respect of 628 and 320 requests respectively. The dematerialisation level as on March 31, 2011 stood at 96.64 % of total paid-up Equity Share capital and 89.50% of the total paid-up 0.01% Cumulative Redeemable Preference Share Capital. As on March 31, 2011, 31,270 Shareholders held 70,658,295 Equity Shares and 18,611 Shareholders held 5,035,807 CRPS in demat form.

11.12 Plant Locations:

Dighe, Thane, Maharashtra 400 605
Giniger, Karnataka 583 228

11.13 Address for Correspondence:

(i) Physical Shares (Equity and Preference):
Share Transfer Agents :

M/s Karvy Computershare Private Limited,
(Unit : Mukand Limited)
Plot No.17 to 24, Near Image Hospital,
Vittalrao Nagar, Madhapur,
Hyderabad - 500 081
Tel: (040) 4465 5000 / 4465 5152
Fax: (040) 4465 5024
E-mail : einward.ris@karvy.com
Website : www.karvycomputershare.com

(ii) Demat Shares (Equity & Preference) :
Respective Depository Participants of Shareholders

(iii) Shares, Debentures & Fixed Deposits :
4th Floor, Bajaj Bhavan, Jammalal Bajaj Marg,
226, Nariman Point, Mumbai 400 021.
Tel: Shares & Debentures: 022- 6121 6633
Fixed Deposits: 022 6121 6629
Fax: 022-2202 1174
E-mail : Shares & Debentures: investors_cell@mukand.com
Fixed Deposits: fixeddeposit@mukand.com

12. Compliance Certificate on Corporate Governance:

The Company has obtained a certificate from M/s. Anant B. Khamankar & Co., Practising Company Secretaries regarding compliance of the conditions of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchanges. This is annexed to the Directors' Report. The certificate will be sent to the Stock Exchanges along with the Annual Report to be filed by the Company.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Mukand Limited

We have examined the compliance of conditions of Corporate Governance by Mukand Limited ("the Company"), for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on 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 Clause 49 of the Listing Agreements.

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

For Anant B. Khamankar & Co.
Company Secretaries

Anant B Khamankar
Proprietor
FCS No.: 3198
C.P. No.: 1860

Place: Mumbai
Date : 27th May, 2011

Appendix-I to the Directors' Report

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Companies (Disclosure of Particulars in the report of Board Of Directors) Rules, 1988.

(A) Conservation of Energy :

(a) Energy Conservation Measures taken :

Steel Plant :

(a) To reduce electrical energy consumption :

- Installation of Solar Heaters and LED lights.
- Energy efficient screw compressor installed instead of old reciprocating compressors.
- Automation completed to stop the air leakages at WRM Air valves at Block loop Layer & Garret coiler.
- Automation to switch OFF power to Roller Tables, Cold Shear, Cooling Tower when idle.
- Energy efficient pumps installed for Wapcon cooling system at Blooming mill.
- Cyclic Timer provided to switch OFF the shed lights at all sheds and installation of energy efficient lights and man coolers.
- Stand by transformer of 315 KVA disconnected.
- Installed 2 TR (small capacity) AC units to replace 16 TR AC units during no production at SMS to maintain the room temp for PLC & other control panels at UHPF, LRF, Converter & Bloom Caster.

(b) To reduce Fuel Oil consumption in Reheating Furnaces of Rolling Mills :

- Installed high and low fire system in soaking and heating zone.
- Pressure control valves to reduce oil pressure finalisation.
- All air dampers changed to heavy duty.
- Air fuel ratio control valve installed.

(b) Additional Investments and proposals being implemented for reduction in consumption of energy : Steel Plant:

(a) To reduce electrical energy consumption:

- Installation of Variable Frequency Drive for Wire Rod Mill descaler motor.
- Installation & Commissioning of the 33 KV capacitor bank
- UHPF & Converter Pump House pump motors to be upgraded to Energy efficient motors.
- Replacement of reciprocating compressors by screw compressors.

(b) To reduce fuel oil consumption:

- High & Low fire system in Pre-heating zone of WRM BRF for controlling atomizing air. This would help to reduce oxygen consumption in the furnace & hence fuel consumption.
- Oxygen monitoring system in recuperative zone.
- Auto Temperature controller in Pre-heating zone.
- New Recuperators - overhead / over ground with new flue duct passage area in place of present underground Recuperator.

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

Due to measures taken as described above, the overall power and fuel oil consumption in Steel Plant at Dighe, Thane has reduced and reduction in the cost of production is achieved.

(d) Total energy consumption and energy consumption per unit of production.

Form - A

Form for disclosure of particulars with respect to conservation of energy.

A. Power and Fuel Consumption :

	2010-11	2009-10
1. Electricity Purchased :		
Unit : '000 kwh	133,676	117,824
Total amount – Rs '000	779,459	608,479
Rate / Unit – Rs./kwh	5.83	5.16
2. Own Generation Through Fuel Oil		
Unit : '000 kwh	82,698	86,812
Unit / litre of Fuel Oil	4.53	4.41
Total cost / Unit – Rs. / kwh	7.66	6.70
3. Own Generation Through steam turbine/ generator unit :		
Unit : '000 kwh	6,669	--
Unit / NM ³ (Blast furnace gas)	0.134	--
Kwh/NM ³		
Total cost / unit – Rs. /Kwh	5.64	--
4. Furnace Oil* (Steel making)		
Quantity (Kl.)	21,516	20,346
Total amount – Rs. '000	558,591	490,758
Average Rate – Rs./Kl.	25,962	24,120
5. Coke		
Quantity (MT)	196,142	187,314
Total amount – Rs. '000	4,649,849	3,339,291
Average Rate – Rs. / MT.	23,707	17,827

* Includes diesel oil.

B. Consumption per unit :

	2010-11	2009-10	2008-09
1. Electricity kwh / tonne :			
Rolled Products	475	477	571
2. Furnace Oil * ltr./tonne			
Rolled Products	52	51	60
* Includes diesel oil.			
3. Coke Kg. / tonne:			
Hot Metal	739	694	733

(B) Form for disclosure of particulars with respect to Technology Absorption, Research and Development.

(a) Research and Development :

1. Specific areas in which Research and Development was carried out by the Company.

- Carried-out studies for manufacture of stainless steel wire rods for solenoid valve application.
- Manufacture lean duplex stainless steel grades for production of seamless tubes.
- Studies on low interstitial / stabilized ferritic stainless steels for variety of applications completed and bulk orders received.
- Continue trials and developmental actions for assessment of performance of ball bearing steels in ball application.
- Developed high Chromium / high Nickel heat resistant stainless steel with improved corrosion resistance with addition of Molybdenum.
- Widen the application areas of micro alloyed steels in auto segment.
- Studies through water modelling of Energy Optimising Furnace (EOF) to find causes for boiling tendencies and also identify scope for reduction in blowing time in technical collaboration with IIT, Kanpur.
- Heat transfer studies in 240 mm X 280 mm blooms through mathematical modelling to optimize taper

- value, casting speed and right quality of casting powder through technical collaboration with IIT, Chennai.
- Improvement in cleanliness of Chrome-Silicon spring steel for automobile suspension springs achieved through research studies on inclusion characterization and modified de-oxidation practice in steelmaking.
 - High cleanliness low carbon high manganese for break-pad application for overseas automotive application developed.
 - High Molybdenum stainless steel for manufacture of seamless tubes for use in petrochemical industry developed.
 - High Chromium, High Nickel and High Molybdenum (AISI 904L) developed for high temperature wire applications.
 - ER 310 grade wire rods for critical welding applications developed.
2. Benefits derived as a result of the above efforts.
- Capability to cater to high value segment of domestic and international markets enhanced.
 - Horizontal deployment in related grades can be implemented to meet wider grade and application coverage to improve market share in higher value added segment.
3. Future Plan of Action :
- Studies with respect to improvement in machinability characteristics of Duplex Stainless Steels.
 - To establish the process for manufacture of annealed and pickled Duplex Stainless Steel wire rods.
 - Process standardization for hardened and tempered wire rods for supply to export markets.
 - Studies related to leaded micro-alloyed steels for improvement in both mechanical properties and machinability for Common Rail Diesel Injection (CRDI) system application in the automotive sector.
4. Expenditure on R & D :
- | | 2010-11
Rs.'000 | 2009-10
Rs.'000 |
|--|--------------------|--------------------|
| (a) Capital | 57,838 | 3,130 |
| (b) Recurring | 8,647 | 7,179 |
| Total | 66,485 | 10,309 |
| Total R&D expenditure as a % of total turnover | 0.26 | 0.05 |

(b) Technology absorption, adaptation and innovation.

(1) Efforts made towards technology absorption, adaptation and innovation :

- Stabilisation of in-house Bar hardening and tempering process.
- Implementation of Total Productive Maintenance system reduced product defects / losses / breakdowns / accidents, etc.

(2) Development of new grades of steel for :

- High Strength Micro alloyed Steel for U-bolt application in automotive industry.
- High fatigue Chrome-Silicon Spring Steel for automobile suspension springs.
- Low inclusion low carbon steel for critical brake pad application for automobiles.
- High Chromium and high Molybdenum Stainless Steel for petrochemical and high temperature industrial applications.
- "Pump Shaft Quality" bars and Machinable Stainless Steel wire rods for exports.
- Steel for Rolling Element in bearings and large size bearing and high temperature applications.
- Steel required for wires for cold forged auto components of two and four wheelers.
- Steel for front fork bearing of two wheelers.
- Steel for ball joint for motor car suspension.
- Steel for CRDI pump (with very high pressure).
- Steel for steering rack bar, axles for trucks.

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

- Improvement in quality, yield and customer satisfaction.
- Improvement in the market share and increase in volume of value added products.

(4) Imported Technology :

Company has not imported any technology during the year under review.

(C) Foreign Exchange Earnings and Outgo	2010-11 Rs. '000
(i) Foreign Exchange Earnings	1,566,855
(ii) CIF Value of imports	5,301,193
(iii) Expenditure in Foreign Currency	27,621

DETAILS OF BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 OF SUBSIDIARY COMPANIES.

Rs.'000

Sl. No.	PARTICULARS	Indian Subsidiaries			Foreign Subsidiaries	
		Mukand Global Finance Limited	Vidyavihar Containers Limited	Mukand Vijayanagar Steel Limited	Mukand International Limited.	Mukand International FZE
1	Share Capital	117,495	1,197,676	700	73	60,768
2	Reserves and Surplus	261,450	2,689	-	465	7,569
3	Total Assets	1,176,278 @	(16,322)	164	538	70,566
4	Accumulated Losses	-	2,172,924	(69,659)	-	-
5	Total Liabilities	1,176,278	2,156,602	69,823	-	-
6	Investments in Shares	198,480	90	-	-	-
7	Turnover and Other Income	113,236	13,395	-	659	1,260,975
8	Profit / (Loss) before Taxation	20,628	(151,269)	(31)	(244)	9,085
9	Provision for Taxation (including for earlier years)	(3,505) *	-	-	-	-
10	Profit / (Loss) After Taxation	17,123	(151,269)	(31)	(244)	9,085
11	Dividend paid	-	-	-	10,961	2,284

@ Includes deferred tax assets (net) * Includes provision for deferred tax.

Note: In respect of foreign subsidiary

a) Item nos.1 - 6 and 11 are translated at exchange rate as on 31st March, 2011 of US\$ 1 = Rs. 44.60

b) Item nos. 7 - 10 are translated at annual average exchange rate of US\$ 1 = Rs. 45.67

The above details have been annexed in terms of approval Letter no. 47/68/2010 -CL-III dated 20-01-2011 issued by Government of India, Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956

APPENDIX II TO THE DIRECTORS' REPORT

Persons constituting Group within the definition of "Group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969 for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

1	Anant Bajaj	42	Bajaj International Pvt. Ltd.	82	Narendra J Shah
2	Deepa Bajaj	43	Bajaj Sevashram Pvt. Ltd.	83	Priyadarshika R. Shah
3	Geetika Bajaj	44	Baroda Industries Pvt. Ltd.	84	Rajesh V Shah
4	Kiran Bajaj	45	Hercules Hoists Ltd.	85	Rishabh Vir Shah
5	Kriti Bajaj	46	Hind Musafir Agency Ltd.	86	Suketu V. Shah
6	Kumud Bajaj	47	Jamnadal Sons Pvt. Ltd.	87	Viren J. Shah
7	Madhur Bajaj	48	The Hindustan Housing Company Ltd.	88	Anjana V. Shah
8	Minal Bajaj	49	Bajaj Auto Employees Welfare Funds	89	Amita Virendrakumar Shah
9	Nimisha Bajaj	50	Bajaj Electricals Ltd. Employees Welfare Funds	90	Adonis Laboratories Pvt. Ltd.
10	Niraj Bajaj	51	Anant Trading Company	91	Akhil Investments and Trades Pvt. Ltd.
11	Niravnayan Bajaj	52	Bachhraj Trading Company	92	Amar Jyoti Agro Co. Pvt. Ltd.
12	Pooja Bajaj	53	Bajaj Trading Company	93	Amivir Agro Co. Pvt. Ltd.
13	Rahul Kumar Bajaj	54	Rishabh Trading Company	94	Anant Jeewan Agro Co. Pvt. Ltd.
14	Rajivnayan Bajaj	55	Anant Trust	95	Bahar Mercantile Ltd.
15	Rishabh Bajaj	56	Aryaman Trust	96	Bengal Port Private Limited
16	Ruparani Bajaj	57	Deepa Trust	97	Eastern Gateway Terminals Pvt. Ltd.
17	Sanjali Bajaj	58	Geetika Trust	98	Eurasia Corporate Services Pvt. Ltd.
18	Sanjivnayan Bajaj	59	Kriti Trust	99	Galaxy Lifestyle Restaurants Limited
19	Shelfali Bajaj	60	Minal Trust	100	JLS Realty Pvt. Ltd.
20	Shekhar Bajaj	61	Neelima Trust	101	Jyoti Shah Premises & Investments Pvt. Ltd.
21	Siddhant Bajaj	62	Nimisha Trust	102	Kshitij Holdings & Engineering Pvt. Ltd.
22	Suman Jain	63	Niravnayan Trust	103	Kulpi Port Holding Pvt. Ltd.
23	Sunaina Kejriwal	64	Nirvaan Trust	104	Rajpriya Agro Co. Pvt. Ltd.
24	Manish Kejriwal	65	Rishabhayan Trust	105	Rajvi Engineering & Investments Pvt. Ltd.
25	Aryaman Kejriwal	66	Sanjali Trust	106	Salsette Investments Pvt. Ltd.
26	Nirvaan Kejriwal	67	Siddhant Trust	107	Shahvir Agro Co. Pvt. Ltd.
27	Neelima Bajaj Swamy	68	Bombay Forgings Ltd.	108	Sunnydays Agro Co. Pvt. Ltd.
28	Aditya Swamy	69	Jeewan Ltd.	109	Valiant Investments & Trades Pvt. Ltd.
29	Bachhraj & Company Pvt. Ltd.	70	Mukand Global Finance Ltd.	110	Kuber & Co.
30	Bachhraj Factories Pvt. Ltd.	71	Mukand Engineers Ltd.	111	Aaryaman Trust
31	Bajaj Allianz Financial Distributors Ltd.	72	Mukand Ltd.	112	Ananya Foundation
32	Bajaj Allianz General Insurance Company Ltd.	73	Mukand Vini Mineral Ltd.	113	Decree Trust
33	Bajaj Allianz Life Insurance Company Ltd.	74	Sidya Investments Ltd.	114	Deva Deva Trust
34	Bajaj Auto Holdings Ltd.	75	Mukand Ltd. Employees Welfare Funds	115	Jadavdevi Amita Trust
35	Bajaj Auto Ltd.	76	Aaryaman Vir Shah	116	Jadavdevi Rajesh Trust
36	Bajaj Electricals Ltd.	77	Bansri R. Shah	117	Jadavdevi Suketu Trust
37	Bajaj Finance Ltd.	78	Czaee S. Shah	118	Jyoti Shah Family Trust
38	Bajaj Financial Securities Ltd.	79	Jyoti Shah	119	Rajesh V. Shah Family Trust
39	Bajaj Financial Solutions Ltd.	80	Kaustubh R. Shah	120	Rajketu Trust
40	Bajaj Finserv Ltd.	81	Nalini N. Shah	121	Suketu V. Shah Family Trust
41	Bajaj Holdings & Investment Ltd.			122	Suyojan Charities

Note: Shareholding of HUF's are held in the names of the respective individuals in the capacity of Karta. Hence HUF's are not separately listed hereinabove.

REPORT OF THE AUDITOR

To
The Members of Mukand Limited

1. We have audited the attached Balance Sheet of Mukand Limited ('the Company') as at March 31, 2011, the Profit and Loss account and Cash Flow Statements for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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, (CARO), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. 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 Companies Act, 1956,
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
5. Without qualifying our report, we invite attention to Note No 6 (a) of the notes to the financial statement, relating to the Exposures in Bombay Forging Limited (BFL) aggregating to Rs 669,774 thousand as at 31 March 2011 (Rs 805,265 thousand at 31 March 2010), where the management has, barring any significant uncertainties in future, relied upon the projected future earnings from the business activities of BFL.

6. As more fully explained in note 6(b), 6(c), 6(d) and 12(c) to the notes to the financial statements, no provision has been made with regard to :

- a) The realisability of the 'Exposures' in Vidyavihar Containers Limited (VCL), a subsidiary company, aggregating Rs 1,097,599 thousand (net) as at 31 March 2011 (Rs 1,106,379 thousand as at 31 March 2010), due to significant uncertainties in recovering its investment and loans which is dependent on the ultimate realization of the assets of VCL;
- b) The realisability of the 'Exposures' in Stainless India Limited (SIL), an associate company, aggregating Rs 396,599 thousands (net) as at 31 March 2011 (Rs 586,991 thousand as at 31 March 2010), where the networth of SIL has been completely eroded and there is no significant activities being carried out by SIL;
- c) The realisability of the 'Exposures' in Mukand Global Finance Limited (MGFL), a subsidiary Company, aggregating Rs. 262,495 thousands as at 31 March 2011 (Rs 268,495 thousand as at 31 March 2010) where the management is in the process of disposing its investments;
- d) The realisability of the claim of Rs 1,147,274 thousand as at 31 March 2011 (Rs 1,191,933 thousand as at 31 March 2010), from National Highway Authority of India (NHAI).

The exposure on the above Companies and the ultimate shortfall, if any, is not presently determinable.

The audit report on the financial statements for the year ended March 31, 2010 was qualified in respect of the matter stated in para 6(a) and 6(c) by the previous auditor.

7. In our opinion and to the best of our information and according to the explanations given to us, *subject to the effects of our observation given in the paragraph 6 above*, the said accounts give the information required by the Companies Act, 1956, subject to in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Haribhakti & Co.
Chartered Accountants
FRN: 103523W

Sarah George
Partner
Membership No. 45255

Place : Mumbai
Date : 27th May, 2011

REPORT OF THE AUDITOR (Contd.)

ANNEXURE TO AUDITORS' REPORT

[REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF MUKAND LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011]

- (i) (a) The company has maintained the Fixed Assets Register for quantitative details and situation of fixed assets. *However, it is in the process of updating the same for accumulated depreciation and net block of the assets.*
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification 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. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) 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) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) As informed, 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 Companies Act, 1956.
- Accordingly, clauses (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence, not reported upon.
- (b) The Company has taken secured loans from two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 406,457 thousand and the year-end balance of loans taken from such parties was Rs. 249,312 thousand.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (d) In respect of the aforesaid loans, the Company is regular in repayment of principal amount as stipulated and is also regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our

audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.

- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time, *except for certain items which are of technical nature and few others where the suitable alternate sources for obtaining comparative quotations are not available.*
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A or any other relevant provisions of the Companies Act, 1956 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 has an internal audit system which is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities *except for income tax deducted at source which have not been regularly deposited and there has been a slight delay in many cases.*
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

REPORT OF THE AUDITOR (Contd.)

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in Thousands)	Period to which the amount relates	Forum where dispute is pending
Sales tax & Entry Tax	Sales Tax, trade Tax, Entry Tax	9,409	1999-2000, 2000-2001, 2001-02, 2002-03, 2003-04	High Court
Sales tax & Entry Tax	Bombay Sales tax, local Sales Tax, Central Sales Tax	6,982	1988-89, 1989-90, 1996-97, 1998-99, 1999-00,	Tribunal
Sales tax & Entry Tax	Local Sales Tax, Central Sales Tax	352	1989-90, 1990-91, 1991-92, 1996-97, 1998-99	Deputy Commissioner - Appeals
Sales tax & Entry Tax	Local Sales Tax	61	1989-90	Deputy Commissioner - Commercial Tax

- (x) In our opinion, the Company does not have accumulated losses at the end of the financial year. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to information and explanations given to us and based on document and records provided to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us and based on records examined by us, the Company has not issued any debentures during the year. Further, the Company has created security or charge in respect of debentures issued in earlier years.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Haribhakti & Co.
Chartered Accountants
FRN: 103523W

Sarah George
Partner
Membership No. 45255

Place : Mumbai
Date : 27th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	31st March, 2011 Rs. '000	31st March, 2010 Rs. '000
I SOURCES OF FUNDS			
(1) Shareholders' Funds			
(a) Share Capital	1	787,520	787,520
(b) Reserves and Surplus	2	21,449,734	17,724,792
		<u>22,237,254</u>	<u>18,512,312</u>
(2) Deferred Tax Liability (net)		146,528	—
(3) Loan Funds			
(a) Secured Loans	3	13,908,532	13,341,920
(b) Unsecured Loans	4	3,562,031	3,489,719
		<u>17,470,563</u>	<u>16,831,639</u>
Total		<u>39,854,345</u>	<u>35,343,951</u>
II APPLICATION OF FUNDS			
(1) Fixed Assets	5		
(a) Assets			
(i) Gross Block		31,436,267	26,902,351
(ii) Less: Depreciation		7,114,336	6,642,488
(iii) Net Block		<u>24,321,931</u>	<u>20,259,863</u>
(b) Capital Work-in-Progress		236,457	1,218,209
		<u>24,558,388</u>	<u>21,478,072</u>
(2) Investments	6	1,096,677	1,061,762
(3) Current Assets, Loans and Advances			
(a) Inventories	7	9,251,604	7,711,636
(b) Sundry Debtors	8	8,733,221	7,438,974
(c) Cash and Bank Balances	9	1,043,829	1,018,259
(d) Loans and Advances	10	3,430,620	3,740,247
		<u>22,459,274</u>	<u>19,909,116</u>
Less:			
Current Liabilities and Provisions			
(a) Liabilities	11	7,568,315	6,393,160
(b) Provisions	12	723,773	748,255
		<u>8,292,088</u>	<u>7,141,415</u>
Net Current Assets		14,167,186	12,767,701
(4) Deferred Revenue Expenditure (to the extent not written off or adjusted)	13	32,094	36,416
Total		<u>39,854,345</u>	<u>35,343,951</u>
Statement of Significant Accounting Policies adopted by the Company and Notes forming part of the Financial Statements	19		

As per our attached report of even date
For Haribhakti & Co.

Chartered Accountants

Niraj Bajaj
Chairman & Managing Director

Rajesh V Shah
Co-Chairman & Managing Director

Suketu V Shah
Joint Managing Director

Sarah George
Partner
Mumbai : May 27, 2011

K J Mallya
Company Secretary
Mumbai, May 27, 2011

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

	Schedule	2010-11 Rs.'000	2009-10 Rs.'000
INCOME			
Sales, Services and Other Income	14		
Gross Sales and Services		27,615,985	21,416,521
Less : Excise Duty recovered		<u>2,413,148</u>	<u>1,599,343</u>
Net Sales and Services		25,202,837	19,817,178
Other Income		<u>787,821</u>	<u>312,215</u>
		<u>25,990,658</u>	<u>20,129,393</u>
EXPENDITURE			
Raw Materials Consumed	15	13,791,394	8,633,189
Operating and Other Expenses	16	10,645,608	9,329,079
Variation in Opening and Closing Stocks	17	(1,694,186)	(1,041,091)
Purchase of Goods for Trade (including semi-finished)		349,600	447,919
Finance and Lease Charges	18	1,626,433	1,515,462
Depreciation / Amortization		678,069	635,462
Expenditure transferred to Capital Accounts/ Capital Work-in-Progress (including Trial Run Expenditure (net))		<u>(19,834)</u>	<u>(10,645)</u>
		<u>25,377,084</u>	<u>19,509,375</u>
Profit before tax		613,574	620,018
(Less): Provision for taxation :			
Wealth Tax		(690)	(625)
Current Tax (MAT under Section 115 JB of the Income-tax Act, 1961)		—	(105,801)
Deferred Tax (Charge)/Credit		(146,528)	—
MAT Credit Entitlement		—	105,801
		<u>(147,218)</u>	<u>(625)</u>
Profit after tax		466,356	619,393
Add/(Less):			
Prior Period Adjustments (net) [Refer Note B(15)]		(70)	(641)
Excess/(Short) provision for tax		<u>282</u>	<u>1,174</u>
		466,568	619,926
Balance brought forward from previous year		<u>300,629</u>	<u>—</u>
Balance available for Appropriations		767,197	619,926
Appropriations :			
Transferred from Debenture Redemption Reserve		62,500	125,000
Transferred to Debenture Redemption Reserve		(22,356)	(58,750)
Proposed Preference Dividend		(6)	(6)
Proposed Equity Dividend		(73,114)	(73,114)
Tax on Preference / Equity Dividend		(11,862)	(12,427)
Transfer to / from General Reserve		<u>(420,000)</u>	<u>(300,000)</u>
		<u>(464,838)</u>	<u>(319,297)</u>
Balance carried to the Balance Sheet		<u>302,359</u>	<u>300,629</u>
Weighted average number of Equity Shares outstanding during the year		73,114,129	73,114,129
Basic and diluted earnings per share (in Rs.)		6.38	8.48
Nominal value of share		10.00	10.00
Statement of Significant Accounting Policies adopted by the Company and Notes forming part of the Financial Statements			
	19		

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Niraj Bajaj
Chairman & Managing Director

Rajesh V Shah
Co-Chairman & Managing Director

Suketu V Shah
Joint Managing Director

Sarah George
Partner
Mumbai : May 27, 2011

K J Mallya
Company Secretary
Mumbai, May 27, 2011

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

	2010-11	2010-11	2010-11	2009-10	2009-10	Rs. '000
						2009-10
A. Cash Flow arising from Operating Activities						
Profit/(Loss) before tax			613,574			620,018
Add back :						
(1) Depreciation		678,069			635,462	
(2) Other Non-cash Expenditure/(Income)-(net)		325,869			(23,384)	
(3) Interest / Lease Charges (net)		<u>1,522,110</u>			<u>1,439,770</u>	
			<u>2,526,048</u>			<u>2,051,848</u>
			<u>3,139,622</u>			<u>2,671,866</u>
Deduct :						
(1) Investment Income		37,715			34,327	
(2) Surplus/(Loss) on sale of assets -(net)		<u>387,971</u>			<u>(6,182)</u>	
			<u>425,686</u>			<u>28,145</u>
Operating Profit before Working Capital changes			<u>2,713,936</u>			<u>2,643,721</u>
Less : Working Capital Changes						
(1) Increase in Trade and Other Receivables	1,404,248			717,807		
(2) Increase in Inventories	<u>1,539,968</u>			<u>1,484,213</u>		
(3) Decrease in Trade Payables	<u>—</u>			<u>1,014,547</u>		
		2,944,216			3,216,567	
Less:						
(1) Increase in Trade Payables	<u>1,151,534</u>			<u>—</u>		
		<u>1,151,534</u>				
Net Working Capital changes			<u>1,792,682</u>			<u>3,216,567</u>
Cash Flow from Operations			<u>921,254</u>			<u>(572,846)</u>
Less : Direct taxes paid			<u>51,576</u>			<u>137,949</u>
			<u>869,678</u>			<u>(710,795)</u>
Less : Prior period adjustments (Net)			<u>70</u>			<u>641</u>
Net Cash Inflow/(Outflow) from Operating Activities			<u>869,608</u>			<u>(711,436)</u>
B. Cash Flow arising from Investing Activities						
Inflow						
(1) Sale of Fixed Assets		429,851			9,550	
(2) Dividends received		18,936			19,464	
(3) Decrease in Loans to Subsidiaries and Other Companies		14,780			30,000	
(4) Sale of Investments		<u>148,828</u>			<u>14,900</u>	
			<u>612,395</u>			<u>73,914</u>
Deduct Outflow						
(1) Acquisition of Fixed Assets		399,658			427,898	
(2) Acquisition of Investments (including application money)		<u>164,964</u>			<u>13,009</u>	
(3) Increase in Loans to Subsidiaries and Other Companies		<u>—</u>			<u>6,000</u>	
			<u>564,622</u>			<u>446,907</u>
Net Cash Inflow /(Outflow) from Investing Activities			<u>47,773</u>			<u>(372,993)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

						Rs.'000
	2010-11	2010-11	2010-11	2009-10	2009-10	2009-10
C. Cash Flow arising from Financing Activities						
Inflow						
(1) Increase in Term Loans (net)		43,090			3,004,525	
(2) Increase in Working Capital Loans from Banks - (net)		826,006			—	
(3) Increase in Other Unsecured Loans (net)		72,312			1,967,688	
			941,408			4,972,213
Deduct Outflow						
(1) Redemption of Debentures		119,255			552,415	
(2) Decreases in Working Capital Loans from Banks - (net)		—			1,331,407	
(3) Dividends paid		85,547			7	
(4) Interest / Lease charges - (net)		1,710,843			1,753,142	
			1,915,645			3,636,971
Net Cash Inflow/(Outflow) from Financing Activities			(974,237)			1,335,242
Net Increase / (Decrease) in Cash/Cash Equivalents			(56,856)			250,813
Add : Balance at the beginning of the year			570,953			320,140
Cash/Cash Equivalents at the close of the year			514,097			570,953

Note :

Cash/Cash Equivalents exclude balances with banks in Margin Money Accounts : 31.3.2011 - Rs. 529,738 thousands; 31.3.2010 - Rs. 447,306 thousands; 31.3.2009 - Rs 724,238 thousands.

As per our attached report of even date

For Haribhakti & Co.

Chartered Accountants

Niraj Bajaj

Chairman & Managing Director

Rajesh V Shah

Co-Chairman & Managing Director

Suket V Shah

Joint Managing Director

Sarah George

Partner

Mumbai : May 27, 2011

K J Maliya

Company Secretary

Mumbai, May 27, 2011

SCHEDULES TO THE ACCOUNTS

Schedules '1' to '19' annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the year ended 31st March, 2011

1. SHARE CAPITAL

Authorised :

7,000,000 Preference Shares of Rs.10/- each
118,000,000 Equity Shares of Rs.10/- each

31st March,
2011
Rs.'000

31st March,
2010
Rs.'000

70,000	70,000
1,180,000	1,180,000
1,250,000	1,250,000

Issued :

5,626,320 0.01% Cumulative Redeemable Preference Shares of Rs. 10/- each.
73,159,805* Equity Shares of Rs.10/- each

56,263	56,263
731,599	731,599
787,862	787,862

Subscribed :

5,626,320 0.01% Cumulative Redeemable Preference Shares of Rs. 10/- each, fully paid up
73,114,129 Equity Shares of Rs.10/- each, fully paid up
Add : Forfeited Shares, amounts originally paid up

56,263	56,263
731,141	731,141
116	116
731,257	731,257
787,520	787,520

* Includes 28,031 Equity Shares which have been kept in abeyance by the Stock Exchange Authorities.

[Refer Note B(I) of Schedule 19]

2. RESERVES AND SURPLUS

Capital Reserve:

As per last Account

47 47

Securities Premium Account:

As per last Account

2,255,468 2,255,468

Debenture Redemption Reserve:

As per last Account

162,200 228,450

Add / (Less):

- Transferred to Profit and Loss Account
- Set aside during the year

(62,500)	(125,000)
22,356	58,750
122,056	162,200

Capital Redemption Reserve:

As per last Account

30,000 30,000

Revaluation Reserve:

As per last Account

13,389,984 13,389,984

Add: Additions on revaluation [Refer Note B(3)(i) of Schedule 19]

3,343,356	—
16,733,340	13,389,984

General Reserve:

As per last Account

1,586,464 1,286,464

Add / (Less):

- Set aside during the year

420,000	300,000
2,006,464	1,586,464
302,359	300,629

Surplus as per annexed Profit and Loss Account

21,449,734	17,724,792
------------	------------

3. SECURED LOANS [Refer Note B (2)(i) of Schedule 19]

a) Debentures

488,225 607,480

b) Long Term Loans in Indian Rupees from :

- Financial Institutions

2,238,323 2,391,572

- Banks

6,981,434 6,538,803

- Companies

249,312 303,833

- Housing Development Finance Corporation Ltd.

—	375,000
9,469,069	9,609,208

c) Working Capital Loans from Banks

3,951,238	3,125,232
13,908,532	13,341,920

includes funded interest term loans in respective categories

SCHEDULES TO THE ACCOUNTS (Contd.)

	31st March, 2011 Rs.'000	31st March, 2010 Rs.'000
4. UNSECURED LOANS		
Fixed Deposits [Refer Note B(2)(III)(a) of Schedule 19]	1,720,148	1,421,436
Short Term Loans from Companies	1,818,700	2,045,100
Sales Tax Deferment Loan [Refer Note B(2)(III)(b) of Schedule 19]	23,183	23,183
	<u>3,562,031</u>	<u>3,489,719</u>

5. FIXED ASSETS [Refer Note B(3) of Schedule 19]

Rs.'000											
(a) Assets											
	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at 1st April, 2010	Additions/ Adjustments	Deductions/ Adjustments	Additions to Revalued Assets	As at 31st March, 2011	As at 1st April, 2010	For the year	Additions/ Deductions during the year	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Tangible Assets											
Freehold Land	13,445,381	18,607	—	—	13,463,988	—	—	—	—	13,463,988	13,445,381
Leasehold Land	203,346	592	14,150	3,343,356	3,533,144	19,312	3,020	1,771	20,561	3,512,583	184,034
Railway Siding	130,432	7,812	—	—	138,244	12,920	6,302	—	19,222	119,022	117,512
Buildings and Roads	1,477,796	254,667	856	—	1,731,607	506,854	45,410	129	552,135	1,179,472	970,942
Plant and Machinery	11,433,675	1,144,097	196,020	—	12,381,752	5,978,248	607,437	173,882	6,411,803	5,969,949	5,455,427
Furniture, Fixtures, etc.	116,256	5,425	19,738	—	101,943	65,269	5,114	17,135	53,248	48,695	50,987
Vehicles	86,238	7,187	17,337	—	76,088	58,309	7,703	13,304	52,708	23,380	27,929
Sub-total	26,893,124	1,438,387	248,101	3,343,356	31,426,766	6,640,912	674,986	206,221	7,109,677	24,317,089	20,252,212
Intangible Assets											
Intangible Assets- Software	9,227	274	—	—	9,501	1,576	3,083	—	4,659	4,842	7,651
Total	26,902,351	1,438,661	248,101	3,343,356	31,436,267	6,642,488	678,069	206,221 #	7,114,336	24,321,931	20,259,863
Previous year's Total	24,925,734	2,027,595	50,978	—	26,902,351	6,042,272	635,462	35,246	6,642,488	20,259,863	
(b) Capital Work-in-Progress, expenditure to date										236,457	1,218,209
# Net of short provision for depreciation of an earlier year Rs 70 thousands (previous year Rs Nil)										24,558,388	21,478,072

6. INVESTMENTS, At Cost

	31st March, 2011 Rs.'000	31st March, 2010 Rs.'000
I. Long Term Investments :		
A. In Subsidiary Companies (Unquoted) :		
(i) Mukand Global Finance Ltd. 11,749,500 (11,749,500) Equity Shares of Rs.10/-each, fully paid up [Refer Note B(6)(d) of Schedule 19]	262,495	262,495
(ii) Mukand International Ltd. 1,000 (600,000) Ordinary Shares of Stg. Pound 1/-each, fully paid up	50	29,956
(iii) Mukand International Fze Ltd. 5 (Nil) Ordinary Shares of AED 1/- million each, fully paid up	62,524	—
(iv) Vidyavihar Containers Ltd. 11,976,762 (11,976,762) Equity Shares of Rs.100/-each, fully paid up	616,300	616,300
Less : Provision for diminution in the value of investments [Refer Note B (6)(b) of Schedule 19]	184,890	184,890
	431,410	431,410
(v) Mukand Vijaynagar Steel Ltd. 70,000 (70,000) Equity Share of Rs.10/-each, fully paid up	702	702
Less : Provision for diminution in the value of investments	702	702
Carried Over Total	756,479	723,861

SCHEDULES TO THE ACCOUNTS (Contd.)

6. INVESTMENTS, At Cost (Contd.)	31st March, 2011 Rs.'000	31st March, 2010 Rs.'000
Brought Over Total	756,479	723,861
B. Trade (Quoted) :		
(i) Orissa Sponge Iron Ltd. Nil Equity Shares of Rs.10/-each, fully paid up (11,660)	—	106
C. Trade (Unquoted) :		
(i) Metal Scrap Trade Corporation Ltd. Nil Equity Shares of Rs. 10/-each, fully paid up (7,450)	—	37
(ii) Hospet Steels Ltd. 70,000 Equity Shares of Rs. 10/-each, fully paid up (70,000)	700	700
	<u>700</u>	<u>737</u>
(iii) Mukand Bekaert Wire Industries Pvt. Ltd. 13,000,000 Equity Shares of Rs. 10/-each, fully paid up (13,000,000) [Refer Note B 6(f) of Schedule 19]	130,000	130,000
(iv) Mukand Vini Mineral Ltd. (A Joint Venture Company) 667,765 Equity Shares of Rs. 10/-each, fully paid up (667,765)	<u>6,678</u>	<u>6,678</u>
	137,378	137,415
D. Other than trade (Quoted) :		
(i) Mukand Engineers Ltd. 4,539,781 Equity Shares of Rs.10/-each, fully paid up (4,539,781)	197,806	197,806
E. Other than trade (Unquoted) :		
(i) Stainless India Ltd. 6,097,200 Equity Shares of Rs.10/-each, fully paid up (6,097,200)	130,916	130,916
Less: Provision for diminution in the value of investments [Refer Note B 6(c) of Schedule 19]	<u>(130,916)</u>	<u>(130,916)</u>
	—	—
(ii) Lazard Creditcapital Ltd. 100 Equity Share of Rs.10/-each, fully paid up (100)	1	1
(iii) Bombay Forgings Ltd. 28,800 Equity Shares of Rs.66.67 each (28,800) fully paid up [Refer Note B(6)(a) of Schedule 19]	1,929	1,929
(iv) Pradip Realtors Pvt. Ltd. 12 Equity Shares of Rs.10/-each, (12) fully paid up (Rs.120/-); [Previous year (Rs.120/-)]		
(v) The Greater Bombay Co-operative Bank Ltd. 10 Equity Shares of Rs.25/-each, (10) fully paid up (Rs. 250/-) [Previous year (Rs. 250/-)]	<u>—</u>	<u>—</u>
	1,930	1,930
	1,093,593	1,061,118
II. Share Application Money:		
Mukand Vini Mineral Ltd. (A Joint Venture Company)	<u>3,084</u>	<u>644</u>
	<u>1,096,677</u>	<u>1,061,762</u>

Notes :

- (i) All the Investments at (I) above have been classified by the Company as " Long Term Investments" in view of its intention to hold the same on a long term basis.
- (ii) Figures shown in brackets relate to the previous year.
- (iii) 99,978.60 units of a Mutual Fund were purchased and sold during the year

	Book Value as at		Market Value as at	
	31st March, 2011 Rs.'000	31st March, 2010 Rs.'000	31st March, 2011 Rs.'000	31st March, 2010 Rs.'000
Quoted Investments	197,806	197,912	126,433	251,924
Unquoted Investments	<u>895,787</u>	<u>863,206</u>		
	<u>1,093,593</u>	<u>1,061,118</u>		

SCHEDULES TO THE ACCOUNTS (Contd.)

CURRENT ASSETS, LOANS AND ADVANCES [Refer Note B(4) of Schedule 19]

7. INVENTORIES [Refer Policy A(6)]	31st March, 2011 Rs.'000	31st March, 2010 Rs.'000
Stores, Spares, Fuel, Components and Engineering Construction Materials	385,100	389,027
Loose Tools	954	1,236
Stock-in-trade :		
Raw Materials	855,858	525,568
Work-in-Process	1,104,553	1,319,590
Finished Goods	3,747,102	1,984,515
Iron Ore / Cokes Fines etc.	113,222	41,372
Contracts in Progress [Refer Policy A(8)(v) and Note B(12) (c) of Schedule 19]	2,855,572	2,618,546
Materials-in-transit	189,243	831,782
	<u>9,251,604</u>	<u>7,711,636</u>
 8. SUNDRY DEBTORS, Unsecured		
Over six months :		
Considered good	3,422,248	3,562,823
Considered doubtful	1,021	146,208
Less : Provision	<u>(1,021)</u>	<u>(146,208)</u>
	<u>3,422,248</u>	<u>3,562,823</u>
Others :		
Considered good	5,310,973	3,876,151
[Refer note B(5), B(6)(a) & 6(c) of Schedule 19]	<u>8,733,221</u>	<u>7,438,974</u>
 9. CASH AND BANK BALANCES		
Cash on hand (including cheques on hand Rs. 58,706 thousands Previous year Rs. 119,677 thousand and stamp papers on hand Rs. 1,149 thousands Previous Year Rs. 2,926 thousands)	60,640	123,815
Balances with Scheduled Banks :		
(i) In Current Accounts	300,215	318,055
(ii) In Margin Money Accounts #	529,732	447,306
(iii) In Deposit Accounts	<u>3,350</u>	<u>1,300</u>
	833,297	766,661
Remittances-in-Transit	149,892	127,783
# Under lien with Banks		
	<u>1,043,829</u>	<u>1,018,259</u>
 10. LOANS AND ADVANCES, Unsecured, considered good, unless otherwise specified		
Loans to Subsidiaries :		
Mukand Global Finance Ltd. [Refer Note B (6)(d) of Schedule 19]	—	6,000
Vidyavihar Containers Ltd. [Refer Note B (6)(b) of Schedule 19]	666,189	674,969
Other Loans and Advances [Refer Note B (6)(c) of Schedule 19]	6,475	6,802
Advances recoverable in cash or in kind or for value to be received [Refer Note B (6)(c) Schedule 19]	1,469,849	1,719,960
Considered doubtful	2,921	477,444
Less : Provision	<u>(2,921)</u>	<u>(477,444)</u>
	<u>1,469,849</u>	<u>1,719,960</u>
Advance payment of Income-tax	544,672	577,599
MAT Entitlement Credit	482,826	485,294
Balances, etc. with —		
Port Trust, Central Excise, etc.	124,025	138,336
Others \$	<u>136,584</u>	<u>131,287</u>
	260,609	269,623
	<u>3,430,620</u>	<u>3,740,247</u>

\$ Includes National Savings Certificates of the cost of Rs 59 thousands.
(Previous year Rs. 59 thousands) deposited with government departments.

SCHEDULES TO THE ACCOUNTS (Contd.)

		31st March, 2011 Rs.'000	31st March, 2010 Rs.'000
CURRENT LIABILITIES AND PROVISIONS			
11. LIABILITIES			
Acceptances		3,723,333	2,873,597
Sundry Creditors [Refer Note B(7) of Schedule 19]		2,721,265	2,470,766
Due to Subsidiary Companies		—	2,881
Other Current Liabilities		344,050	172,387
Advances against Orders and Engineering Contracts		655,592	796,423
Interest accrued but not due on Debentures and Loans		113,381	67,796
Due to Employees' Provident Fund (since paid)		10,694	9,310
		<u>7,568,315</u>	<u>6,393,160</u>
12. PROVISIONS			
for Taxation		318,155	404,718
for Premium on Redemption of Debentures		375	375
for Employee Benefits		310,797	252,407
for Equity / Preference Dividends & tax thereon		84,982	85,547
for Warranty Costs		9,464	5,208
		<u>723,773</u>	<u>748,255</u>
13. DEFERRED REVENUE EXPENDITURE (to the extent not written off or adjusted)			
Interest and lease compensation during installation of leased assets		32,094	36,416
		<u>32,094</u>	<u>36,416</u>
		2010-11 Rs.'000	2009-10 Rs.'000
14. SALES, SERVICES AND OTHER INCOME			
i) Sales and Services			
a) Gross Sales [Refer Note B(12)(a) (i) to (iii) of Schedule 19]	23,594,287		17,083,439
Less: Excise Duty recovered	<u>2,084,953</u>		<u>1,352,974</u>
Net Sales		21,509,334	15,730,465
b) Income from Engineering Contracts and Job Work [Refer Note B(12)(b), (c), (d) and (e) of Schedule 19]	4,020,356		4,331,718
Less: Excise Duty recovered	<u>328,195</u>		<u>246,369</u>
Net Income from Engineering Contracts and Job Work		3,692,161	4,085,349
c) Income from Services rendered		1,342	1,364
Total Sales and Services		<u>25,202,837</u>	<u>19,817,178</u>
ii) Other Income			
a) Sale of Scrap and Sundries		87,403	59,211
b) Sales-tax/VAT Refunds		26,438	6,945
c) Gain on variation in foreign exchange rates (Net)		6,303	6,520
d) Interest Received			
- From Banks	32,310		30,244
- From Others	<u>72,013</u>		<u>45,448</u>
		104,323	75,692
e) Insurance Claims etc.		7,995	9,370
f) Credit balances appropriated		11,013	43,319
g) Other Miscellaneous receipts		84,403	39,146
h) Excess provisions written back (net)		10,951	27,170
i) Surplus on sale of investments (Long Term)		18,779	14,863
j) Surplus on account of sale of Land & Other Assets		401,936	4,626
k) Rent received		9,341	5,889
l) Dividends (Gross) :			
from Subsidiary (long term)	11,405		18,169
from Trade Investments (long term)	583		1,155
from Mutual Fund Investments (short term)	<u>6,948</u>		<u>140</u>
		18,936	19,464
Total Other Income		<u>787,821</u>	<u>312,215</u>
		<u>25,990,658</u>	<u>20,129,393</u>

SCHEDULES TO THE ACCOUNTS (Contd.)

		2010-11 Rs. '000	2009-10 Rs. '000
15. RAW MATERIALS CONSUMED			
Opening Stocks		525,568	696,200
Add : Purchases		14,122,862	8,495,719
Less : Sales / Materials given on loan		1,178	33,162
		<u>14,647,252</u>	<u>9,158,757</u>
Less : Closing Stocks		<u>855,858</u>	<u>525,568</u>
		<u>13,791,394</u>	<u>8,633,189</u>
16. OPERATING AND OTHER EXPENSES			
Employees' Remuneration, Benefits and Other Payments :			
Salaries, Wages, Bonus, Compensation and Other Payments	1,015,902		751,416
Contribution towards Employees' State Insurance, Provident and Other Funds	139,170		111,959
Welfare Expenses	<u>99,590</u>		<u>99,138</u>
		1,254,662	962,513
Manufacturing, Administrative and Selling Expenses :			
Stores, Spares, Components, Tools, etc. consumed (a)	3,573,574		3,356,374
Contract execution costs	170,274		371,673
Power and Fuel consumed	1,790,420		1,514,567
Machining and Processing charges	1,583,142		1,370,366
Sub-contracting expenses	281,734		222,426
Other Manufacturing expenses	101,226		93,553
Rent (net)	10,127		8,594
Hire charges	55,383		33,382
Rates and Taxes	29,748		23,732
Insurance (net)	16,788		18,683
Repairs:			
to Buildings	25,231		26,679
to Plant and Machinery (b)	72,682		44,613
to Other assets	<u>17,414</u>		<u>17,301</u>
		115,327	88,593
Commission	53,992		28,736
Freight, Forwarding and Warehousing (net)	859,538		773,457
Directors' Fees and Travelling Expenses	970		992
Bad Debts, debit balances and claims written off	904,561		58,460
Less : Doubtful debts provided in earlier years	<u>619,504</u>		<u>27,909</u>
		285,057	30,551
Provision for doubtful debts / advances	—		667
Provision for diminution in value of investments	—		602
Loss on assets discarded / impaired	11,078		9,763
Loss on assets sold	2,887		1,045
Miscellaneous Expenses (c)	<u>325,582</u>		<u>295,405</u>
		9,266,847	8,243,161
Bank Charges		<u>124,099</u>	<u>123,405</u>
		<u>10,645,608</u>	<u>9,329,079</u>
(a) After adjusting sales/material on loan Rs. 13,735 thousands (Previous year Rs. 9,839 thousands).			
(b) Excludes spares consumed for repairs.			
(c) Includes non-recoverable excise duty Rs. 4,215 thousands and sales tax Rs. 442 thousands on sales (Previous year Rs. 64 thousands and Rs. 3,377 thousands respectively).			

SCHEDULES TO THE ACCOUNTS (Contd.)

17. VARIATION IN OPENING AND CLOSING STOCKS	2010-11	2009-10
	Rs.'000	Rs.'000
Opening Stocks :	5,964,023	4,858,740
Less :		
Closing Stocks	7,820,449	5,964,023
Variation in Stocks	(1,856,426)	(1,105,283)
Variation in Excise Duty on Opening & Closing Stocks of Finished Goods	162,240	64,192
(Increase)/Decrease in Stocks	(1,694,186)	(1,041,091)
18. FINANCE AND LEASE CHARGES (Refer Note B (2)(C) of Schedule 19)		
Interest on Debentures	62,244	89,424
Interest on Fixed Loans	1,458,422	1,282,927
Interest to Banks and Others	654,216	720,003
	2,174,882	2,092,354
Less :		
Interest Capitalised	57,381	101,217
Interest Income from trade dues (Gross) \$	592,004	572,885
	649,385	674,102
Finance Management Charges #	1,525,497	1,418,252
Lease Rentals	37,192	29,971
	63,744	67,239
	1,626,433	1,515,462
\$ Tax deducted at source on Interest Income is Rs. 6,647 thousands (Previous year Rs. 65,966 thousands)		
# Proportionate front end fee written off Rs. Nil (Previous year Rs. 167 thousands)		

NOTES FORMING PART OF THE ACCOUNTS

19. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE COMPANY AND NOTES FORMING PART OF THE ACCOUNTS.

A. Statement of significant Accounting Policies :

1. Basis of preparation:

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

2. Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated and actual materialized results and estimates are recognized in the period, in which the results are known.

3. Fixed Assets:

(a) Tangible Assets:

- (i) Fixed Assets except leasehold land are stated at cost of acquisition or construction. However, fixed assets, which are revalued by the Company, are stated at their revalued book values.

Cost of acquisition comprise all costs incurred to bring the assets to their location and working condition upto the date assets are put to use. Cost of construction comprise of those costs that relate directly to specific assets and those that are attributable to the construction activity in general and can be allocated to specific assets upto the date the assets are put to use.

- (ii) Leasehold Land is stated net of amounts written off on amortisation.

(b) Intangible Assets:

Intangible Assets are stated at their cost of acquisition less accumulated amortization and impairment losses. An asset is recognized, where it is possible that future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount on intangible assets is allocated over the best estimate of its useful life on a straight line basis or the period of agreement whichever is lower.

(c) Depreciation/ Amortisation:

- (i) The Company provides depreciation on all its assets on the "Straight Line Method" in accordance with the provisions of Section 205 (2)(b) of the Companies Act, 1956.
- (ii) Depreciation on Buildings and Furniture & Fixtures acquired upto 31st March, 1987 is provided at the rates of depreciation prevalent at the time of acquisition of the assets in accordance with Circular No.1 of 1986 [1/1/86-CL-V] dated 21.5.1986 issued by the Company Law Board.
- (iii) Depreciation on addition to assets referred to in (ii) above, acquired on or after 1st April, 1987 is provided at the Straight Line Method rates specified from time to time in Schedule XIV to the Companies Act, 1956.
- (iv) Depreciation on assets under Plant & Machinery group in Schedule XIV to the Companies Act, 1956, is provided over the recomputed "Specified Period", at the rates given in the said Schedule from time to time, in accordance with Circular 14/93 dated 20th December, 1993, issued by the Department of Company Affairs.
- (v) Software is amortised over a period of 3 years.
- (vi) Depreciation in respect of assets used for long term engineering contracts is provided on the estimated useful life of the assets.
- (vii) Asset costing less than Rs. 5,000/- are fully depreciated at the rate of 100% in the year of purchase.
- (viii) Depreciation on addition to assets or on sale / discardment of assets is calculated pro-rata from the month of such addition or upto the month of such sale / discardment, as the case may be.
- (ix) Cost of Leasehold land is amortized over the period of lease.
- (x) Technical know-how is amortised over the period of agreement or six years, whichever is lower.

4. Impairment of Assets :

An asset is considered as impaired in accordance with Accounting Standard 28 on "Impairment of Assets", when at balance sheet date there are indications of impairment and the carrying amount of the assets or where applicable the cash generating unit to which the assets belong, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Profit and Loss Account.

5. Investments:

Investments are classified as current or long term in accordance with Accounting Standard 13 on "Accounting for Investments". Long term Investments are stated at cost of acquisition. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments. Current investments are stated at lower of cost of acquisition and fair value. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the Profit and Loss Account.

6. Inventories:

Inventories are valued at lower of cost or net realizable value. Materials-in-transit are valued at cost-to-date. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition including excise duty payable on goods produced. The cost formulae used for determination of cost are either 'First in First Out' or 'Average Cost', as applicable.

NOTES (Contd.)

7. Foreign currency translations :

- (i) All transactions in foreign currency, are recorded at the rates of exchange prevailing as at the date of the transaction.
 - (ii) Monetary assets and liabilities in foreign currency, outstanding at the close of the year, are converted in Indian currency at the appropriate rates of exchange prevailing at the close of the year. The resultant gain or loss is accounted for during the year.
 - (iii) In respect of forward exchange contracts entered into towards hedge of foreign currency risks, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expenditure over the life of the contract. Further, the exchange differences arising on such contracts are recognised as income or expenditure along with the exchange differences on the underlying assets/liabilities. Profit or Loss on cancellations/renewals of forward contracts is accounted for during the year.
- Non monetary items such as investments are carried at historical costs using the exchange rates on the date of the transactions.

8. Revenue Recognition:

- (i) Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.
- (ii) Revenue from sale of goods is recognized when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained. Sales are net of Sales Tax/Value Added Tax. Excise Duty recovered is presented as a reduction from gross turnover.
- (iii) Liability for Excise Duty and Customs Duty payable on goods held in bond at the year end is provided for.
- (iv) Benefit on account of entitlement to import duty-free materials under the Advance Licence and Duty Entitlement Pass-Book Scheme, is estimated and accounted in the year of export.
- (v) Accounting for Long Term Engineering Contracts:
Revenue from construction/project related activity for supply/commissioning of Plant & Equipment is recognised on the percentage of completion method, in proportion that the contract costs incurred for the work performed upto the reporting date bear to the estimated total contract costs.
Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current estimates.
At each reporting date, the contracts in progress (progress work) is valued and carried in the Balance Sheet under Current Assets.
- (vi) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognized when the right to receive dividend is established.
Interest income earned on trade dues is reduced from finance and lease charges (Schedule 18).
- (vii) Front-end fees paid on borrowings are amortised over the period of loans/debentures or over a period of three years whichever is shorter.

9. Leases:

(a) Operating lease:

Lease, where the lessor effectively retain substantially all the risks and benefits of ownership of the leased assets, are classified as operating lease. Operating lease receipts and payments are recognized as income or expense in the Profit and Loss Account on a straight line basis over the lease term.

(b) In respect of Other Assets taken on Lease upto 31-3-2001:

- (i) Interest and other charges are deferred over the "specified period" of the assets or the term of lease, whichever is shorter.
- (ii) Lease rentals are charged over the "specified period" of the assets or the term of lease, whichever is shorter.
The "specified period" is worked out at the rates of depreciation on the Straight Line Method in Schedule XIV to the Companies Act, 1956, and it commences from the year in which the asset is installed.

10. Employee Benefits :

Employee benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident fund and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the Profit and Loss Account in the period in which the service is rendered.

Employee benefits under defined benefit plans, such as compensated absences and gratuity which fall due for payment after a period of twelve months from rendering service or after completion of employment, are measured by the project unit cost method, on the basis of actuarial valuation carried out by third party actuaries at each balance sheet date. The Company's obligations recognized in the balance sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

11. Borrowing Costs:

Borrowing cost attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on "Borrowing Costs" are capitalized as part of the cost of such assets upto the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

12. Taxation:

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the

NOTES (Contd.)

deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

13. Segment Reporting Policies :

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter segment Transfers:

The Company generally accounts for inter segment transfers at cost.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items :

Includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies:

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

14. Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

15. Provisions and Contingent Liabilities:

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Financial Statements.

16. Cash Flow Statement:

The Cash Flow Statement is prepared by the "indirect method" set-out in Accounting Standard 3 on "Cash Flow Statement" and presents the Cash Flows by operating, investing and financing activities of the Company.

Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and unencumbered, highly liquid bank balances.

B. Notes forming part of the Accounts:

1. Share Capital

(a) Share Capital includes:

- (i) 359,400 Equity Shares issued to Vendors as fully paid up for consideration other than cash, pursuant to a contract.
- (ii) 611,667 Equity Shares [including 293,510 issued to Vendors in (i) above] issued as fully paid up for consideration other than cash on account of conversion of Deferred Shares into Equity Shares.
- (iii) 10,538,644 Equity Shares issued as fully paid up Bonus shares by capitalising Securities Premium Account and Reserves.
- (iv) 1,750,000 Equity Shares issued on 1st July, 1983 as fully paid up on conversion of the convertible portion of Convertible Debentures.
- (v) 23,759 Equity Shares issued on 1st March, 1993 as fully paid up, at par, to the shareholders of Beco Engineering Company Ltd., pursuant to a scheme of merger.

- (b) The 0.01% Cumulative Redeemable Preference Shares are redeemable in five equal annual installments commencing from September, 2019.

NOTES (Contd.)

2. Loan Funds

(I) Secured Loans

(A) Nature of Security

(i) Debentures [included in Schedule 3(a)]

800,000, 10.50% (2006-15) Mortgage Debentures (balance outstanding as at 31.03.2011 Rs. 67,344 thousands, Previous Year Rs.70,000 thousands), 2,500,000, 10.5% (2006-15) Mortgage Debentures (balance outstanding as at 31.03.2011 Rs. 210,430 thousands, Previous Year Rs.218,730 thousands), 2,500,000, 10.5% (2006-15) Mortgage Debentures (balance outstanding as at 31.03.2011 Rs. 210,450 thousands, Previous Year Rs.218,750 thousands), are secured by way of first pari-passu charge against mortgage / hypothecation of Company's freehold land, immovable and movable fixed assets both present and future of the Company at Kalwe and Dighe, Dist. Thane, in the State of Maharashtra and leasehold land, immovable and movable fixed assets both present and future of the Company at Ginigera/Kankapura, Dist. Ginigera in the State of Karnataka and such mortgage and charge shall rank pari-passu with the existing mortgages and charges created in favour of financial institutions, banks and a company for their loans except loans at (ii)(c) to (ii)(f) below. These debentures are also secured by way of a second and subservient pari-passu charge on stocks (excluding machinery spares) and book debts.

(ii) Loans [included in Schedule 3(b)]

- (a) Loans from Financial Institutions, Banks and a Company (balance outstanding as at 31.03.2011 Rs. 4,771,092 thousands, Previous Year Rs.5,074,513 thousands), are secured by way of first pari-passu charge against mortgage / hypothecation of Company's freehold land, immovable and movable fixed assets, both present and future of the Company at Kalwe and Dighe, Dist. Thane, in the State of Maharashtra and leasehold land, immovable and movable fixed assets both present and future of the Company at Ginigera/Kankapura, Dist. Ginigera in the State of Karnataka and such mortgage and charge shall rank pari-passu with the existing mortgages and charges created in favour of financial institutions, banks and a company for their loans and in favour of Trustees for the series of Debentures at (i) above except loans at (ii)(c) to (ii)(f) below. These loans are also secured by way of a second and subservient pari-passu charge on stocks (excluding machinery spares) and book debts.
- (b) Priority Loan of Rs.3,000,000 thousands (balance outstanding as at 31.03.2011 - Rs.500,000 thousands, Previous Year Rs.1,500,000 thousands) from ICICI Bank Ltd. is secured by way of first pari-passu charge against mortgage / hypothecation of Company's freehold land, immovable and movable fixed assets, both present and future of the Company at Kalwe and Dighe, Dist. Thane, in the State of Maharashtra and leasehold land, immovable and movable fixed assets, both present and future of the Company at Ginigera/Kankapura, Dist. Ginigera in the State of Karnataka and such mortgage and charge shall rank pari-passu with the existing mortgages and charges created in favour of financial institutions, banks and a company for their loans and in favour of Trustees for series of debentures at (i) above, except loans at (ii)(c) to (ii)(f) below. This loan is also secured by way of a second and subservient pari-passu charge on stocks (excluding machinery spares) and book debts.
- (c) Loan of Rs.400,000 thousands from a Bank is secured against office premises at Mumbai and one residential premises at Mumbai.
- (d) Loan of Rs.3,500,000 thousands (balance outstanding as at 31.03.2011 - Rs.3,350,000 thousands, Previous Year Rs.2,250,000 thousands) from a Bank is secured / to be secured against mortgage of 50 acres of leasehold land at Dighe, Thane.
- (e) Loan of Rs.350,000 thousands from a Bank is secured against plant and machinery and other moveable assets of Captive Power Plant at Ginigera / Kankapura, District Ginigera in the State of Karnataka.
- (f) Loan of Rs.125,000 thousands (outstanding as at 31.03.2011 - Rs.97,977 thousands, Previous Year Rs.143,072 thousands) from a Company is secured against hypothecation of specific movable plant and machinery, furniture and fixtures and office equipment.

(iii) Working Capital Facilities [included in Schedule 3(d)]

Working Capital Facilities from the Banks [included in Schedule 3(d)] and other non-funded facilities are secured/to be secured by hypothecation of stocks (excluding machinery spares) and book debts excluding stocks, book debts and movable assets of Road Construction Division. The said facilities are also secured by way of second and subservient pari passu charge against mortgage/hypothecation of freehold land, immovable and movable fixed assets, both present and future of the Company at Kalwe and Dighe, Dist. Thane, in the State of Maharashtra and leasehold land, immovable and movable fixed assets both present and future of the Company at Ginigera/Kankapura, Dist. Ginigera in the State of Karnataka. The said charge shall be second and subservient to all other first charges created in favour of Trustees for all the series of Debentures and Lenders for their loans at (ii) (a) and (b) above.

Note: Security given for the above referred debentures, loans at (ii)(a) and (ii)(b) and working capital facilities mentioned above exclude:

- 48 acres of grant land at Kalwe and Dighe, Dist. Thane in the State of Maharashtra.
- Leasehold land at Dighe, Thane, as it is mortgaged to Lenders covered at (ii)(d) above.
- Freehold land acquired for Coke Oven Plant at Ginigera / Kankapura, District Ginigera in the State of Karnataka.
- Plant and Machinery of Captive Power Plant at Ginigera / Kankapura, District Ginigera in the State of Karnataka is given as security to lenders covered at (ii)(e) above.
- 39.58 acres leasehold land at Lonand, Dist. Satara in the State of Maharashtra, for Company's project of expansion of finishing facilities for steel products.
- 43.14 acres of leasehold land at Sinar, Dist. Nasik, in the State of Maharashtra, for Company's project of expansion of its Industrial Machinery Division.
- 122.60 acres of freehold land in the State of Jharkhand, for Company's projects in that State.

NOTES (Contd.)

- (iv) Working capital and other facilities from a Bank to M/s. JSC Centrodorstroy, Russia with whose co-operation Company is executing a Road Construction Project in the State of Uttar Pradesh are secured by stocks, book debts and movable assets of Road Construction Division, first charge against two residential flats at Mumbai and second charge against a residential flat at Mumbai.

(B) Terms of Redemption and rescheduling of loan instalments

Terms of Redemption

- (i) 800,000, 10.50% (2006-15) Privately placed Mortgage Debentures of Rs.100/- each aggregating Rs.80,000 thousands were redeemable in full on expiry of 3 years from 2nd April, 1998. Rescheduled for repayment in 90 installments from 2006 to 2015 in terms of Financial Restructuring Package approved by Corporate Debt Restructuring Cell (CDR) in July 2003 and April 2009.
- (ii) 2,500,000, 10.5% (2006-15) Privately placed Mortgage Debentures of Rs.100/- each aggregating Rs.250,000 thousands were redeemable in full on expiry of 5 years from 15th April, 1998. Rescheduled for repayment in 90 monthly installments from 2006 to 2015 in terms of financial restructuring package approved by CDR in July 2003 and April 2009.
- (iii) 2,500,000, 10.5% (2006-15) Privately placed Mortgage Debentures of Rs.100/- each aggregating Rs.250,000 thousands were redeemable in one installment on 15th October, 2001. Rescheduled for repayment in 90 monthly installments from 2006 to 2015 in terms of financial restructuring package approved by CDR in July 2003 and April 2009.
- (iv) The balance amount of Rs.100,000 thousands of 50 floating rate (2007-11) Mortgage Debentures has been paid during the year.

Rescheduling of loan instalments

- (i) The principal term debt is to be repaid in 144 monthly installments commencing from April 2006 and ending in March, 2018 with a pre-determined ballooning schedule. During April 2009 CDR Cell approved deferment of principal amount due for payment aggregating Rs.1,190,000 thousands during the period of 18 months commencing from 1st April, 2009 and ending on 30th September, 2010. The total loan amount is now rescheduled to be paid during FY2010-11 to FY2014-15 in place of the earlier schedule of payments by FY2017-18 without any increase in the rate of interest. The Company has improved its operations as well as the resultant cash flows. Based on an assessment of its financial commitments and the estimated cash flows, the management is confident of meeting all its financial commitments in the foreseeable future.
- (ii) Interest/lease rentals payable on all the principal term debt for the period from 1st April, 2002 to 30th September, 2004 have been converted into Future Funded Interest Term Loan (FFITL) and would be repaid in 78 installments commencing from April 2005 and ending in March, 2013 with a ballooning schedule.

(C) Effect and Progress of Restructuring Package

In terms of the Financial Restructuring Package (FRP) approved by the Corporate Debt Restructuring (CDR) Cell in July 2003 and April 2009, the terms of security, redemption and conversion have been rescheduled. A separate disclosure is made hereunder to explain the same, as also the progress made so far :

- (i) Promoters/Associates have pledged 11,426,514 equity shares and 546,652 cumulative redeemable preference shares out of their share-holding in the Company.
- (ii) Pledge of Promoters' holding of shares of Bajaj Auto Limited is to the tune of Rs.170,181 thousands.
- (iii) The Company shall ensure balance realization of non-core assets and investments aggregating Rs.1,161,220 thousands (net of amounts realized till 31.03.2011) over a specified time schedule ending on 30th September, 2012. After the close of the year, Company has realised Rs.130,000 thousands till date.
- (iv) Lenders shall have a right of recompense upto 12% per annum in excess of the effective IRR charge in FRP for 8 years commencing from the date of approval.
- (v) In the event of default, as defined in the restructuring package, the lenders have the right to cancel, suspend, reduce or modify all or any of the relief and concessions or vary the terms and conditions thereof.

II. Unsecured loans

- (a) 'Fixed Deposits in Schedule 4' includes unclaimed Fixed Deposits as at 31st March, 2011 amounting to Rs.9,117 thousands (Previous Year Rs.7,775 thousands).
- (b) Deferred of sales tax liability is to be paid in 5 annual instalments commencing from FY2011-12 to FY2016-17.

3. Fixed Assets :

(i) Revaluation :

Free-hold land at Kalwe / Dighe, Thane as at 30.6.1983 was revalued as at 30.6.1984 and the addition to assets on account of this revaluation, aggregating Rs.122,705 thousands was correspondingly credited to the Revaluation Reserve during the year ended 30th June, 1984. To reflect the current fair market value, the Company further revalued the freehold land at Kalwe as at 31.3.2001 during November, 2001. The registered valuer had carried out the valuation on the basis of the then market values of these lands. The addition to assets on account of this revaluation, aggregating Rs.1,143,588 thousands was correspondingly credited to the Revaluation Reserve during the year ended 31st March, 2002. Company has further revalued the aforesaid land as at 31.03.2009 and an amount aggregating Rs.12,123,691 thousands has been added to assets and correspondingly credited to the Revaluation Reserve as at 31.03.2009.

Leasehold land at Dighe, Thane as at 31.03.2011 has been revalued to reflect the current Fair Market Value of this land. The valuation was carried out by a Registered Valuer. The addition to assets on account of this revaluation, aggregating Rs.3,343,357 thousands has been correspondingly credited to the revaluation reserve as at 31.03.2011.

NOTES (Contd.)

- (ii) Gross Block of Buildings as at 31st March, 2011 includes value of offices, residential flats and garages in co-operative societies/proposed co-operative societies/association of apartment owners aggregating Rs.63,904 thousands at cost (Previous Year Rs. 63,904 thousands) [including cost of shares in co-operative societies Rs.7 thousands (Previous Year Rs.7 thousands)].
- (iii) Fixed assets include net book value of assets at Ginigera Steel Plant aggregating Rs.14,000 thousands which have been retired from active use and are held for disposal as tabulated hereunder. The said net book value is on the basis of realisable value as per valuation report of an approved valuer.

Assets held for disposal:

Rs.'000

Description	As at 01.04.2010	Depreciation as at 31.03.2011	Loss on Discard written-off during FY2010-11	Net Block as at 31.03.2011
Plant & Machinery	34,952	18,952	2,000	14,000

- (iv) Fixed Assets include borrowing costs of Rs.57,381 thousands capitalised during the year (Previous Year Rs.101,217 thousands).

4. Current Assets

In the opinion of the Board of Directors of the Company, all items of 'Current Assets, Loans and Advances', continue to have a realizable value of at least the amounts at which they are stated in the Balance Sheet, unless otherwise stated.

5. Debtors

Debtors include an amount of Rs.29,403 thousands due from Ispat Group of Companies. The Company had entered into an agreement dated 31st March, 1998 to sell 500,000 Equity shares of Rs.10/- each of Kalyani Mukand Ltd., for an aggregate consideration of Rs.69,375 thousands. Under the terms of the said agreement, the sale of shares was based on certain conditions to be complied with subsequent to sale, and which conditions have been fulfilled.

Since the sale and transfer of the shares were considered to be legally complete upon execution of the Agreement of Sale of shares, the Company had taken credit for the consideration aggregating Rs.69,375 thousands, during the Accounting Year 1997-98. The Company has, upto the close of the accounting year 2010-11, received amounts aggregating Rs.39,972 thousands against the aggregate consideration of Rs.69,375 thousands, and management considers the balance amount to be good and recoverable in due course and this has been relied upon by the Auditors.

6. Loans, Advances, Debts, investments etc.

- (a) The Company has investments of Rs.1,930 thousands (Previous Year Rs.1,930 thousands) in equity shares of Bombay Forgings Limited (BFL), and has debts due from BFL which has reduced to Rs.669,774 thousands as at 31.03.2011 (Previous Year Rs.803,336 thousands) (collectively referred to as 'Exposures'). Net worth of BFL has turned positive and BFL is no longer a sick industrial company. BIFR has discharged BFL from the purview of provisions of SICA. The management, considering its long term view on the 'Exposures' relies upon on the valuation of unencumbered assets of BFL as at 31st March, 2011 which is at Rs.755,700 thousands (Previous Year Rs.567,261 thousands) and barring any significant uncertainties in future, relies upon the earnings from the ongoing business of BFL. The management considers the balance 'Exposures' to be 'Good' at the close of the year and adequately covered and expects full realisability of the same in future, upon which, the Auditors, being unable to make an informed judgement, have placed their reliance.
- (b) The Company has an investment of Rs.616,300 thousands (Previous Year Rs. 616,300 thousands) in equity shares of Vidyavihar Containers Ltd. (VCL) a wholly owned Subsidiary. The Company has outstanding balances of loans amounting to Rs.666,189 thousands (net of amount received during the year Rs.8,780 thousands and of interest receivable amounting to Rs.155,674 thousands) (Previous Year Rs. 674,969 thousands) (collectively referred to as 'Exposures'). Although the Net Worth of VCL has eroded, the management considers it appropriate to recognise diminution in value of investments only upto an amount of Rs.184,890 thousands and had, during FY2008-09, fully provided for doubtful recovery of interest receivable from VCL and consider no further provision necessary. This interest receivable has been written-off during the year against the provision made in FY2008-09. After the close of the year, Company has received Rs.130,000 thousands against the outstanding balances of loans and further amounts are likely to be realised in FY2011-12. Management, barring any significant uncertainties in future, relies upon the VCL management's estimation of realizable values of financial assets of VCL and expected additional realization from its real estate development agreement with a developer to be able to recover its exposures. The management considers the balance 'Exposures' to be 'Good' at the close of the year and adequately covered, and expects full realisability of the same in future, upon which, the Auditors, being unable to make an informed judgement, have placed their reliance.
- (c) The Company has an investment of Rs.130,915 thousands (Previous Year Rs. 130,915 thousands) in equity shares of Stainless India Limited (SIL), has trade debts Rs.153,432 thousands (Previous Year Rs. 153,432 thousands) (including considered doubtful and provided during FY2005-06 Rs.144,981 thousands), loans and interest receivable outstanding aggregating Rs.4,712 thousands (since received) (Previous Year Rs. 4,280 thousands) and has trade advances / interest receivable, aggregating Rs.773,435 thousands (Previous Year Rs. 774,259 thousands) (including doubtful of recovery and provided during FY2005-06 Rs.200,000 thousands and an amount of Rs.190,000 thousands written-off during the year). Company has during the year written-off trade debts amounting to Rs.144,981 thousands against the provision made in FY2005-06. It has also written-off an amount of Rs.390,000 thousands towards trade advances (including Rs.200,000 thousands against the provision made in FY2005-06).

The Net-worth of SIL has eroded. The management has recognised fully the diminution in value of investments and has made further provision of balance 'Exposures' in SIL, as referred above. The management, barring any significant uncertainties, relies upon the estimated realisable values of unencumbered assets of SIL, as at 31st March, 2011 estimated at Rs.494,969 thousands (Previous Year Rs. 592,161 thousands). The management considers the balance 'Exposures' to be 'Good' at the close of the year and adequately covered and expects full realisability of the same in future, upon which, the Auditors, being unable to make an informed judgement, have placed their reliance.

NOTES (Contd.)

- (d) The Company has an investment of Rs.262,495 thousands (Previous Year Rs. 262,495 thousands) in equity shares and interest recoverable from Mukand Global Finance Limited (MGFL), a wholly owned subsidiary, aggregating Rs.118,848 thousands (Previous Year Rs. 118,848 thousands) (collectively referred to as 'Exposures') whose recovery is dependent upon realisation of the financial assets that MGFL stands invested into at the close of the year. Company had during FY2008-09, provided as doubtful of recovery the interest receivable from MGFL amounting to Rs.118,848 thousands. Company has written-off the amount of interest receivable during the year against the provision made during FY2008-09. The management considers the balance 'Exposure' to be 'Good' and adequately covered since it is in the process of disposing off this investment. As the negotiated price is yet undecided, any ultimate shortfall in the realization is not determinable at present, the Auditors being unable to make an informed judgment have placed reliance on the judgment of the management.
- (e) Details of loans and advances in the nature of loans recoverable from subsidiaries/associates and shares held by loanes (stipulated under clause 32 of the listing agreement with Stock Exchanges).

Rs. '000

Name of the Party	Outstanding amount		Maximum amount during the Year	
	As at 31.3.2011	As at 31.3.2010	2010-11	2009-10
I] <i>Subsidiaries:</i>				
Mukand Global Finance Ltd. – Interest free	—	6,000	6,000	7,000
Vidyavihar Containers Ltd. – Interest waived	666,189	674,969	674,969	704,969
Mukand Vijaynagar Steel Ltd. – Interest free	—	—	—	100
II] <i>Associates:</i>				
Stainless India Ltd.	4,000	4,000	4,000	10,250

- (f) During the year, the Joint Venture agreement with NV Bekaert SA of Belgium stands terminated w.e.f. 29.03.2011 due to additional infusion of capital by NV Bekaert SA. In case of the Company's investments in Mukand Bekaert Wire Industries Pvt. Ltd., (MBWL), the Joint Venture Company, no provision for diminution in the value of investments in MBWL is considered even though MBWL's net-worth has eroded by 46.47% since this is a long term investment by the Company. Moreover, NV Bekaert SA has infused additional capital in MBWL to double the capacity of its plant and this is expected to earn sufficient profits in the coming years and recoup the losses incurred till 31.03.2011. The Auditors being unable to make an informed judgment have placed reliance on the judgment of the management.
7. (a) "Sundry Creditors" in Schedule '11' include (i) Rs.16,252 thousands (Previous year Rs.12,648 thousands) due to creditors registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME) (ii) Rs.2,705,013 thousands (Previous year Rs. 2,458,118 thousands) due to other creditors.
- (b) Disclosure in respect of creditors registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSME).
Disclosure as required by Micro, Small and Medium Enterprises Development Act, 2006 is as under :

		31.3.2011 Rs.'000	31.3.2010 Rs.'000
a	The principal amount and the interest due thereon remaining unpaid to suppliers		
i	Principal.	16,252	12,648
ii	Interest due thereon.	88	--
b	i Interest actually paid under section 16 of the Micro, Small and Medium.	--	--
c	i Normal interest accrued during the year, for all the delayed payments, as per the agreed terms.	943	--
	ii Normal interest payable for the period of delay in making payment, as per the agreed terms.	943	--
d	i Total interest accrued during the year.	1,031	--
	ii Total interest accrued during the year and remaining unpaid.	1,031	--
e	Included in (d) above is Rs. Nil being interest on amounts outstanding as at beginning of the accounting year.	--	--

The disclosure above is based on the information available with the Company regarding the status of the suppliers under the MSME.

8. Disclosures in respect of derivative instruments:

- i) Derivative instruments outstanding:

(Amounts in '000)

	As at 31st March, 2011	Equivalent	As at 31st March, 2010	Equivalent
For Imports	USD 11,574	Rs.516,130	USD 17,675	Rs.793,628
For Exports	Euro 3,453	Rs.218,856	Euro -	Rs. -

NOTES (Contd.)

- ii) Foreign Currency exposures that are not hedged by derivative instruments :

(Amounts in '000)

As at 31.03.2011				As at 31.03.2010						
	USD	EURO	GBP	USD	EURO	GBP	SEK	AUD	CAD	YEN
Debtors	1,138	-	-	1,885	453	-	-	83	-	-
Eqvt. Rs.	50,743	-	-	84,636	27,400	-	-	3,428	-	-
Creditors	18,233	242	4	10,816	161	-	189	-	465	6,655
Eqvt. Rs.	813,115	15,352	259	485,640	9,755	-	1,173	-	20,544	3,198
Cash & Bank Balances	1	-	-	1	-	-	-	-	-	-
Eqvt. Rs.	47	-	-	47	-	-	-	-	-	-
Other Payables	43	-	-	442	-	-	-	-	-	-
Eqvt. Rs.	1,918	-	-	19,856	-	-	-	-	-	-
Total ...	19,415	242	4	13,144	614	-	189	83	465	6,655
Eqvt. Rs.	865,823	15,352	259	590,179	37,155	-	1,173	3,428	20,544	3,198

9. (a) Contingent Liabilities not provided for :

	31.03.2011 Rs.'000	31.03.2010 Rs.'000
(i) Disputed matters in appeal/contested in respect of:		
- Income Tax *	208,330	203,566
- Excise Duty, Customs Duty etc.	27,561	27,231
- Sales Tax, Works Contract Tax etc. **	28,321	141,189
- Other matters	2,416	2,416
<i>* included in this amount (not provided in the Accounts) is the liability under Sec 115JB of the Income Tax Act, 1961 for Assessment Year 2005-06 as the Company's appeal is pending disposal. Company places reliance on certain judicial pronouncements and has also obtained a legal opinion on the matter.</i>		
<i>** In the matter of certain ex-parte assessments completed by Commercial Tax Officer in the State of Uttar Pradesh, Company is advised that liability if any, that may arise will be determined after the matter is remanded to the Assessing Officer and on completion of reassessment proceedings and therefore, the same is not included herein.</i>		
(ii) Claims against the Company not acknowledged as debts as these are disputed and pending disposal at various fora. For items (i) & (ii) The Company has taken legal and other steps to protect its interest in respect of these matters, which is based on legal advice and/or precedents in its own/other cases. It is not possible to make any further determination of the liability which may arise in these matters.	172,614	168,383
(iii) Bills discounted with the Bankers and others Sale Bills discounted	172,699	132,170
(iv) Guarantees and Counter guarantees given by the Company on behalf of :- - Other Companies	189,576	517,539
(v) Bonds / Undertakings given by the Company under concessional duty/ exemption to Customs / Excise Authorities (Net of redemption applied for)	6,569	6,569
(vi) Bonds given by the Company against import of machinery under EPCG Scheme. (Net of redemption applied for)	193,702	256,004
(vii) Lenders shall have a right of recompense upto 12% per annum in excess of the effective IRR charged in FRP for 8 years commencing from the date of approval.		

NOTES (Contd.)

- (viii) The Company has implemented the award given by the Industrial Tribunal in the matter relating to emoluments of staff and officers. The said award is under challenge in the High Court of Bombay by way of a Writ Petition, and is pending disposal.

Demand for Annual Bonus for the financial years 1995-96 to 2006-07 by Staff and Officers' Association is pending at different stages in proceedings under The Industrial Disputes Act, 1947. Bulk of these employees are statutorily not covered by The Payment of Bonus Act, 1965 and many of the employees are also not covered by The Industrial Disputes Act, 1947. Liability arising there from cannot therefore be determined at present.

- (ix) Government of Maharashtra had served a Demand Notice on the Company for payment of electricity duty for power generated during the period 01.04.2000 to 30.04.2005 and penal interest thereon in Company's Captive Power Plant amounting to Rs.142,744 thousands. The Writ Petition filed by the Company is disposed by the Hon'ble Bombay High Court on 7th November, 2009 quashing the said Demand Notice. Government of Maharashtra has however, filed an appeal in the Supreme Court of India against the aforesaid judgment of High Court.
- (x) Under provisions of an Order dt. 16th August, 2006 issued by the Maharashtra Electricity Regulatory Commission (MERC), it is mandatory for Company's grid synchronised captive power plant to use a minimum of 4% renewable energy like wind power, co-generation etc. in its total consumption of energy generated from its own captive power plant with effect from FY 2007-08. Similarly, for FY 2008-09, the said percentage is 5% and for FY2009-10 it is 6%. In response to several petitions, MERC has permitted compliance of this requirement on a cumulative basis for three years viz., FY 2007-08 to FY 2009-10. Accordingly, Company has already purchased 6,487,016 Kwh and given in the grid of Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) which holds/ held these units to the credit of Company's account. The balance of units are not required to be purchased in view of MERC's order dated 7th August 2009.

- (b) There have been delays in payment of tax deducted at source in earlier years and also in FY2010-11. Interest payable on delays has been accounted for in respect of cases where appropriate orders have been received from Income Tax authorities.

10. A claim towards difference in price of calibrated iron ore for the period 1st April, 2006 to 28th February, 2007 amounting to Rs.330,678 thousands has been raised by a supplier in March 2007. The Company has been legally advised that the supplier cannot seek this price revision under a concluded agreement and hence no provision is made in the Accounts for the same. The issue along with method of review and re-fixing of price of calibrated iron ore effective on 1st of April each year in terms of agreement is referred to an arbitral tribunal whose award is awaited. Moreover, the said supplier has also unilaterally increased the price of calibrated iron ore w.e.f. 1st April, 2007 and thereafter w.e.f. 1st April, every year. This issue too is to be settled by the aforesaid arbitral tribunal. However, pending such determination of final price, the supplier has raised invoices at an ad-hoc interim mutually agreed price on the marketing contractor who in turn, has billed the Company at the same price and which liability, has been fully accounted for.

	31.3.2011 Rs. '000	31.3.2010 Rs. '000
11. (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for	<u>350,757</u>	<u>173,533</u>
(b) As lessee: Future Rental obligations in respect of premises taken on lease – Operating Lease.		
	As at 31.03.2011 Rs.'000	As at 31.03.2010 Rs.'000
1 For a period not later than one year.	24,826	5,917
2 For a period later than one year and not later than five years.	31,816	4,070
3 For a period later than five years.	537	—
Total.....	<u>57,179</u>	<u>9,987</u>

Lease rentals charged to revenue for the current year Rs.29,085 thousands (Previous Year Rs.23,146 thousands).

These premises comprise residential flats, office premises and warehouses. The Agreements for lease are executed for tenure of 11 to 72 months with a provision for renewal and termination by other party giving a prior notice of 1 to 3 months.

- (c) As Lessor: Future Rental income in respect of premises given on lease – Operating Lease.

	As at 31.03.2011 Rs.'000	As at 31.03.2010 Rs.'000
1 For a period not later than one year.	5,898	8,328
2 For a period later than one year and not later than five years.	366	5,298
3 For a period later than five years.	—	—
Total.....	<u>6,264</u>	<u>13,626</u>

These premises comprise office premises and a residential flat given on lease for tenure of two years with a provision for renewal in case of office premises.

Gross carrying amount of assets: Rs.23,973 thousands.

Accumulated depreciation upto 31.03.2011: Rs.6,156 thousands.

Depreciation for the year: Rs.388 thousands.

NOTES (Contd.)

12. Sales in – Schedule 14:

- (a) (i) Sales is net of Returns, etc. relating to earlier years aggregating Rs.14,021 thousands (Previous Year Rs. 4,081 thousands), Rebates and Allowances on Sales relating to earlier years Rs.71,097 thousands (Previous Year Rs. 26,385 thousands) and is also net of early payment discounts aggregating Rs.87,758 thousands (Previous Year Rs.68,505 thousands).
- (ii) Sales includes export incentives (net) Rs.69,076 thousands (Previous Year Rs.34,136 thousands). At the close of the year, the Company has, estimated and accounted, an amount of Rs.33,021 thousands (Previous Year Rs.10,417 thousands) as Export Incentives receivables, being the benefit on account of entitlement to import duty-free materials under Duty Entitlement Pass-Book Scheme, as detailed in Accounting Policy A (7) (iv).
- (b) Disclosure regarding Income from Engineering Contracts – Road Construction Division:
- | | F. Y. 2010-11
Rs. '000 | F. Y. 2009-10
Rs. '000 |
|--|---------------------------|---------------------------|
| (i) The amount of Contract revenue recognised as revenue during the year. | 146,214 | 285,384 |
| (ii) The aggregate amount of costs incurred and recognised profits (less recognised losses) upto close of the year | 7,619,941 | 7,537,814 |
| (iii) The amount of advances received (Gross) | — | — |
| (iv) The amount of retentions (included in sundry debtors) (net balance) | — | — |
| (v) Amount due to customers | — | — |
| (vi) Amount due from customers | 399,680 | 426,865 |
- (c) The management has, keeping in view the accounting policy A(8)(iv) adopted by the Company, technically determined the realisable value of Contracts in Progress (including incidental income by way of disposal of plant and equipment at the end of the contract) compared to relatable revenues and claims raised by the Company in respect of its Road Construction Contracts. Although the outcome of the Road Construction activity cannot be estimated with reliability at present, it is the opinion of the management that in view of the substantially large claims by the Company aggregating Rs.1,147,274 thousands (Previous Year Rs.1,191,933 thousands) for incremental jobs executed, escalations and time over-runs, losses currently expected are already recognized till the close of the year. Since realization of these claims is a judgmental matter, on which auditors are not able to make an informed judgment, the auditors have placed reliance on the Management's judgment of the losses currently expected, reliability of claims which is expected to be settled progressively by 31st March, 2012, and further losses if any, would be entirely recognized and fully expensed by that date.
- (d) Disclosure regarding Income from Contracts of Industrial Machinery Division to which Accounting Standard 7 applies :
- | | Rs. '000 |
|--|-----------|
| (i) The amount of Contract revenue recognised as revenue during the year. | 2,756,984 |
| (ii) The aggregate amount of costs incurred and recognised profits (less recognised losses) upto 31.03.2011. | 7,351,515 |
| (iii) The amount of advances received (Gross) | 554,978 |
| (iv) The amount of retentions (included in sundry debtors) (net balance) | 572,638 |
| (v) Amount due to customers | — |
| (vi) Amount due from customers | 1,419,214 |
- (e) For the year under consideration, the Company has followed Accounting Standard 7 – "Construction Contracts" and has given accounting treatment of revenue and costs associated with such contracts for the contracts of Industrial Machinery Division in place of Accounting Standard 9 – "Revenue Recognition". The effect of this change is that the revenue is higher by Rs. 222,708 thousands.

13. Disclosures in respect of provisions for warranty costs:

Rs.'000

Opening Balance as at 1.4.2010	Provided during the year	Utilized during the year	Reversed during the year	Closing Balance as 31.3.2011
5,208	10,094	5,558	280	9,464

14. The Company had, during the Financial Year 1998-99, entered into a strategic alliance with Kalyani Steels Limited to set-up a steel plant to be operated by a Company – Hospet Steels Limited.

Expenses and liabilities arising out of this alliance to Hospet Steels Limited are shared on the basis stipulated in the relevant Agreements, and its accounting in the books of the Company is carried out, accordingly.

Wherever, due to the terms of the alliance, estimations are required to be made in respect of expenses, liabilities, production, etc., the same have been relied upon by the auditors, being technical matters.

15. 'Prior period adjustments' represents :

	2010-11 Rs.'000	2009-10 Rs.'000
(i) Debit relating to earlier years	—	1,049
(ii) Credit relating to earlier years	—	(408)
(iii) Depreciation adjustments	70	—
Net Debit	70	641

NOTES (Contd.)

16. Disclosures under Accounting Standard 15 on Employee Benefits

(a) (i) Details in respect of gratuity are as under :

	2010-11 Rs. '000	2009-10 Rs. '000
Liability to be recognised in Balance Sheet		
Present Value of Funded Obligations	293,865	245,346
Fair Value of Plan Assets	104,253	62,348
Net Liability	189,612	182,998
Change in Plan Assets (Reconciliation of opening & Closing Balances)		
Fair Value of Plan Assets as at beginning of the year	62,347	42,891
Expected Return on Plan Assets	6,613	4,474
Actuarial Gain / (Losses)	—	—
Contributions	56,406	34,341
Benefits Paid	(21,113)	(19,359)
Fair Value of Plan Assets as at the close of the year	104,253	62,347
Reconciliation of Opening and Closing Balances of obligation		
Change in defined Benefit Obligation		
Obligation as at beginning of the year	245,346	212,380
Current Service Cost	14,947	12,924
Interest Cost	19,628	15,928
Actuarial Losses / (Gain)	35,057	23,473
Benefits Paid	(21,113)	(19,359)
Obligation as at the close of the year	293,865	245,346
Expenditure to be recognised during the year		
Current Service cost	14,947	12,924
Interest Cost	19,628	15,928
Expected Return on Plan Assets	(6,613)	(4,474)
Net Actuarial Losses / (Gains) Recognised during the year	35,057	23,473
Total Expenditure included in "Employees' Emoluments"	63,019	47,851
Assumptions		
Discount Rate (per annum)	8.00%	8.00%
Expected rate of Return on Assets (per annum)	9.40%	9.40%
Salary Escalation Rate	5.00%	5.00%

- (ii) The Company expects to contribute Rs.12,364 thousands to its gratuity plan for the next year. In assessing the Company's post retirement liabilities, the Company monitors mortality assumptions and uses up-to-date mortality tables, the base being the LIC, 1994-96 ultimate tables.
- (iii) Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market.
- (iv) The composition of the plan assets, by category from the insurers, LIC are on the basis of overall investment by them for all such insured entities and hence, the disclosures as required by Accounting Standard 15 in 'Employee Benefits' have not been given, and Auditors have relied upon the same.
- (v) Other disclosures:

Rs.'000

Particulars	2010-11	2009-10	2008-09	2007-08
Present Value of Funded Obligations.	293,865	245,346	212,380	202,380
Fair Value of Plan Assets.	104,253	62,347	42,891	57,003
Net Liability.	189,612	182,998	169,489	145,377
Experience Adjustments on Plan Liabilities Loss / (Gain)	35,057	23,473	2,163	9,565
Experience on Plan Assets—Loss / (Gain)	—	—	(702)	—

Note : Since the Company has started providing for gratuity liability as per AS-15 (revised) from FY 2007-08, figures in the above table are given only for four years.

- (b) In terms of the strategic alliance with Kalyani Steels Limited, the Company has accounted for its share towards gratuity in respect of employees of Hospet Steels Ltd. amounting to Rs.1,904 thousands (Previous Year Rs.3,090 thousands) on the basis of an actuarial valuation.

NOTES (Contd.)

- (c) In respect of certain employees of Road Construction Division, liability for gratuity is provided at actuals on the basis of amount due as at 31st March, 2011, since the projects are for shorter duration. Such liability as at 31st March, 2011 (including Rs.89 thousands for the year) aggregate Rs.481 thousands (Previous Year Rs.729 thousands)
- (d) An amount of Rs.35,264 thousands as contribution towards defined contribution plans (including Rs.5,844 thousands in terms of strategic alliance referred in (b) above) is recognised as expense in the Profit and Loss Account.
17. Components of Deferred tax (assets) / liabilities are as under :
- | | As at
31.3.2010
Rs'000 | Charge/(Credit)
for the year
2010-11
Rs.'000 | As at
31.3.2011
Rs'000 |
|---|------------------------------|---|------------------------------|
| Deferred Tax | | | |
| Deferred Tax liability on account of : | | | |
| a) Depreciation | 1,246,954 | 43,362 | 1,203,592 |
| b) Others | 155,832 | 24,738 | 131,094 |
| | 1,402,786 | 68,100 | 1,334,686 |
| Deferred Tax Asset on account of : | | | |
| a) Employee benefits, etc | 86,465 | (13,870) | 100,335 |
| b) Taxes, Duties, Cess, Interest to Banks/FIs', etc | 315,770 | 46,387 | 269,383 |
| c) Provision for doubtful debts | 211,979 | 210,700 | 1,279 |
| d) Unabsorbed Depreciation/ Business Loss, etc | 792,426 | (18,291) | 810,717 |
| e) Others | 20,910 | 14,466 | 6,444 |
| | 1,427,550 | 239,392 | 1,188,158 |
| Net Deferred Tax (Asset)/Liability | \$ (24,764) | 171,292 | 146,528 |
- \$ Deferred tax asset aggregating to Rs.24,764 thousands was not recognised, considering the principle of virtual certainty as stated in the Accounting Standard AS-22 - Accounting for taxes on Income.
18. Computation of Profit for Earnings per Share (EPS) :
- | | 2010-11
Rs. '000 | 2009-10
Rs. '000 |
|--|---------------------|---------------------|
| Net Profit After Taxation as per Profit & Loss A/c. | 466,568 | 619,926 |
| Less : Dividends and tax thereon | (7) | (7) |
| Net Profit for calculation of basic / diluted EPS | 466,561 | 619,919 |
| Weighted average number of equity shares outstanding | 73,114,129 | 73,114,129 |
| Basic and diluted EPS (face value Rs.10 per share) | 6.38 | 8.48 |
19. Remuneration to the Managing Directors and Whole-time Director paid / payable during the year, under Section 198 of the Companies Act, 1956 :
- | | Managing Directors | |
|---|--------------------|--------------------|
| | 2010-11
Rs.'000 | 2009-10
Rs.'000 |
| Salaries | 13,387 * | 13,200 |
| Contribution to Provident and Other Funds | 1,884 | 1,884 |
| | 15,271 | 15,084 |
| Perquisites | 896 | 560 |
| | 16,167 | 15,644 |
| No. of Directors | 3 | 3 |
- * includes encashment of leave
- Sitting fees paid to Non-Executive Directors Rs.850 thousands (Previous Year Rs.855 thousands).
- i) Remuneration to the Managing Directors has been paid in terms of approvals of Shareholders to the said appointments.
- ii) As the liabilities for gratuity and leave entitlement are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Managing Directors is not ascertainable and therefore, not included above.
- iii) Since no commission is payable to any Managing Director, computation of net profit U/S 349 of the Companies Act, 1956 is not given.

NOTES (Contd.)

20. Payments to Auditors:

	2010-11 Rs.'000	2009-10 Rs.'000
(i) As Auditors	2,500	2,500
(ii) As Tax Auditors	250	250
(iii) For Company Law and allied matters	—	600
(iv) For Certification work	65	105
(v) For other matters	655	705
(vi) Out of pocket expenses	576	291
	4,046	4,451

21. Related Party Disclosures

(a) Relationship :

- (i) Subsidiaries : Mukand Global Finance Ltd., Mukand International Ltd. (MIL), Vidyavihar Containers Ltd. (VCL), Mukand Vijayanagar Steel Ltd., Mukand International FZE (MIFZE) w.e.f. 09.01.2011.
Step-down Subsidiary: Mukand International FZE (MIFZE) upto 08.01.2011.
- (ii) Other related parties where control exists :
Mukand Engineers Ltd. (MEL), Bombay Forgings Ltd. (BFL), Stainless India Ltd. (SIL), Hospet Steels Ltd. (HSL),
- (iii) Joint Ventures :
Mukand Vini Mineral Ltd. (MVML), Mukand Bekaert Wire Industries Pvt. Ltd. (upto 28.03.2011).
- (iv) Key Management Personnel :
Niraj Bajaj, Rajesh V. Shah, Suketu V. Shah.
- (v) Relatives of key management personnel and enterprises in which significant influence can be exercised by persons at (iv) above or their relatives where transactions have taken place :
Viren J. Shah
- (vi) Other related parties where significant influence exists or where the related party has significant influence on the Company :
Kalyani Mukand Ltd., Lineage Investments Ltd., Catalyst Finance Ltd., Econium Investments & Finance Ltd., Fusion Investments & Financial Services Ltd., Primus Investments & Finance Ltd., Conquest Investments & Finance Ltd., Jamnalal & Sons Pvt. Ltd. (JSPL).

Note : Related party relationship is as identified by the Company and relied upon by the Auditors.

NOTES (Contd.)

(b) Details of transactions with the related parties referred in (a) above:

Rs.'000

Nature of transactions	Related parties as referred in					Total
	a (i) above	a (ii) above	a (iii) above	a (iv) above	a (v) above	
1. Purchases :						
• Raw-material :						123,087 (253,916)
Mukand International FZE	44,195 *					
Mukand International Ltd.	(--)					
Bombay Forgings Ltd.	(211,594)	57,325 (38,957)				
Mukand Bekaert Wire Industries Pvt. Ltd.			21,567 (2,014)			
Stainless India Ltd.		-- (1,351)				
• Stores :						6,547 (22,901)
Mukand International Ltd.	--					
Stainless India Ltd.	(21,359)	6,547 (1,542)				
• Fixed Assets						46,930 (1,166)
Mukand Engineers Ltd.		110 (--)				
Stainless India Ltd.		46,820 (1,166)				
2. Sales :						
• Semi-finished / finished goods:						1,853,020 (907,468)
Mukand International FZE	1,119,123 **					
Mukand International Ltd.	(243,652)					
Bombay Forgings Ltd.	(385,438)	100,555 (114,560)				
Stainless India Ltd.		3,804 (3,733)				
Mukand Bekaert Wire Industries Pvt. Ltd.			629,538 (160,085)			
• Fixed Assets :						2,646 (243)
Mukand Engineers Ltd.		2,646 (243)				
3. Expenditure :						
• Rent :						1,800 (690)
Stainless India Ltd.		1,800 (690)				
• Interest paid :						14,980 (21,006)
Mukand International Ltd.	--					
Mukand Engineers Ltd.	(1,316)	14,980 (17,359)				
Jamnalal & Sons Pvt. Ltd.					-- (2,331)	
• Sub-contracting expenses :						41,945 (42,077)
Mukand Engineers Ltd.		41,945 (42,077)				
• Service charges :						184,418 (120,894)
Mukand Engineers Ltd.		178,470 (114,430)				
Mukand Global Finance Ltd.	5,948 (6,464)					

NOTES (Contd.)

							Rs.'000
Nature of transactions	Related parties as referred in						Total
	a (i) above	a (ii) above	a (iii) above	a (iv) above	a (v) above	a (vi) above	
• Share of expenses under an alliance :							263,858 (178,711)
Hospet Steels Ltd.		261,654 (177,367)					
Kalyani Mukand Ltd.						2,204 (1,344)	
• Remuneration :							20,491 (18,502)
Niraj Bajaj				5,440 (5,215)			
Rajesh V. Shah				5,438 (5,440)			
Suketu V. Shah				5,289 (4,989)			
Viren J. Shah					4,324 (2,858)		
• EDP Data Processing Services:							45,000 (45,000)
Mukand Engineers Ltd.		45,000 (45,000)					
• Conversion charges :							-- (84)
Stainless India Ltd.		-- (84)					
• Advances written off :							190,000 (100)
Stainless India Ltd.		190,000 (--)					
Mukand Vijaynagar Steel Ltd.		-- (100)					
• Bad debts written off :							90,126 (--)
Bombay Forgings Ltd.		90,126 (--)					
• Provision for diminution in value of investments :							-- (602)
Mukand Vijaynagar Steel Ltd.		-- (602)					
• Other miscellaneous :							-- (1671)
Mukand International Ltd.		-- (1671)					
4. Income :							
• Rent :							780 (792)
Mukand Engineers Ltd.		780 (780)					
Stainless India Ltd.		-- (12)					
• Dividend :Mukand International Ltd.	11,405 (18,169)						11,405 (18,169)
• Service Charges :							1,342 (1,364)
Mukand International FZE	1,342 (-)						
Mukand International Ltd.	-- (1,364)						
• Interest received : Stainless India Ltd.		480 (311)					480 (311)
• Other Miscellaneous :							29,930 (463)
Kalyani Mukand Ltd.						29,416 (-)	

NOTES (Contd.)

Rs.'000

Nature of transactions	Related parties as referred in						Total
	a (i) above	a (ii) above	a (iii) above	a (iv) above	a (v) above	a (vi) above	
Mukand Engineers Ltd.		457					
		(463)					
Stainless India Ltd.		57					
		(--)					
5. Other payments :							
• Reimbursement of expenses :							2
							(112)
Stainless India Ltd.		2					
		(--)					
Mukand Engineers Ltd.		--					
		(18)					
Mukand International FZE	--						
	(94)						
6. Other receipts :							
• Reimbursement of expenses :							50,676
							(19,395)
Mukand International Ltd.	--						
	(9,887)						
Mukand International FZE	43,148 @						
	(4,816)						
Mukand Global Finance Ltd.	121						
	(--)						
Mukand Engineers Ltd.		4,156					
		(3,225)					
Bombay Forgings Ltd.		22					
		(9)					
Stainless India Ltd.		--					
		(56)					
Lineage Investments Ltd.						615	
						(--)	
Econium Investments & Finance Ltd.						205	
						(--)	
Fusion Investments & Financial Services Ltd.						1,025	
						(--)	
Primus Investments & Finance Ltd.						205	
						(--)	
Mukand Vini Mineral Ltd.			1,179				
			(1,125)				
Mukand Bekaert Wire Industries Pvt. Ltd.			--				
			(277)				
• Reimbursement of expenses on account of deputation of employees :							--
							(58)
Mukand Global Finance Ltd.	--						
	(58)						
7. Investments, Finance & Advances:							
• Loans / advances repaid by loanees							14,780
							(37,250)
Mukand Global Finance Ltd.	6,000						
	(1,000)						
Vidyavihar Containers Ltd.	8,780						
	(30,000)						
Stainless India Ltd.		--					
		(6,250)					
• Loans / advances given:							--
							(43,554)
Stainless India Ltd.		--					
		(36,554)					
Mukand Global Finance Ltd.	--						
	(7,000)						
• Loans repaid (incl. interest):							9,424
							(187,548)
Mukand Engineers Ltd.		9,424					
		(9,534)					
Jamnallal & Sons Pvt. Ltd.						--	
						(178,014)	

NOTES (Contd.)

							Rs.'000
Nature of transactions	Related parties as referred in						Total
	a (i) above	a (ii) above	a (iii) above	a (iv) above	a (v) above	a (vi) above	
• Loans taken :							--
Jamnallal & Sons Pvt. Ltd.						--	(145,000)
						(145,000)	
• Purchase of shares :							62,524
Mukand International FZE	62,524						(12,364)
	(--)						
Mukand Vini Mineral Ltd.			--				
			(1,064)				
Mukand Bekaert Wire Industries Pvt. Ltd.			--				
			(11,300)				
• Application money for shares:							2,441
							(644)
Mukand Vini Mineral Ltd.			2,441				
			(644)				
• Divestment of shares:							29,906
							(--)
Mukand International Ltd.	29,906						
	(--)						
8. Outstanding balances at the close of the year :							
• As Debtors							830,443
							(921,493)
Mukand International FZE	95,494						
	(75,822)						
Mukand International Ltd.	--						
	(12,782)						
Bombay Forgings Ltd.		669,774					
		(803,336)					
Stainless India Ltd.		8,452					
		(8,452)					
Kalyani Mukand Ltd.						29,416	
						(--)	
Mukand Bekaert Wire Industries Pvt. Ltd.			27,307				
			(21,101)				
• As Creditors :							180,474
							(40,054)
Mukand International FZE	--						
	(94)						
Mukand International Ltd.	--						
	(1,940)						
Mukand Global Finance Ltd.	--						
	(847)						
Mukand Engineers Ltd.		157,325					
		(21,073)					
Hospet Steels Ltd.		23,149					
		(16,100)					
• Loans & Advances receivables (including int.)							1,062,680
							(1,259,508)
Vidyavihar Containers Ltd. =	666,189						
	(674,969)						
Mukand Global Finance Ltd.	12						
	(6,000)						
Stainless India Ltd.		388,147					
		(578,539)					
Mukand Engineers Ltd.		6,282					
		(--)					
Lineage Investments Ltd.						615	
						(--)	
Econium Investments & Finance Ltd.						205	
						(--)	
Fusion Investments & Financial Services Ltd.						1,025	
						(--)	
Primus Investments & Finance Ltd.						205	
						(--)	

NOTES (Contd.)

						Rs.'000
Nature of transactions	Related parties as referred in					Total
	a (i) above	a (ii) above	a (iii) above	a (iv) above	a (v) above	
• For Reimbursement of expenditure – receivable						2,304 (1,125)
Mukand Vini Mineral Ltd.					2,304 (1,125)	
• Property Deposits given :						-- (1,800)
Stainless India Ltd.		-- (1,800)				
• Property Deposits taken :						650 (650)
Mukand Engineers Ltd.		650 (650)				
• Term Loan (incl. int.)						151,336 (160,760)
Mukand Engineers Ltd.		151,336 (160,760)				
• Guarantees given by the Company :						49,000 (49,000)
Mukand Vini Mineral Ltd.			49,000 (49,000)			
• Counter Guarantees given on behalf of the Company :						60,000 (60,000)
Mukand Engineers Ltd.		60,000 (60,000)				
• Collateral given on behalf of the Company :				#	##	

Figures in bracket relate to previous year.

* Purchases are upto 08.01.2011.

** Includes Rs.774,254 thousands upto 08.01.2011.

@ Includes Rs.30,166 thousands upto 08.01.2011.

3,869,089 Equity Shares and 546,652 Cumulative Redeemable Preference Shares of the Company.

3,869,089 Equity Shares of the Company.

≈ Interest income not accounted out of prudence / interest waived during the year.

NOTES (Contd.)

22. Annual Installed Capacity, Production, Sales, Opening & Closing Stocks

Products		Installed Capacity as at 31.3.2011	Opening Stock as at 1.4.2010		Production 2010-11	Consumption 2010-11 (captive)	Sales 2010-11 (Net of Ex. Duty)	Closing Stock as at 31.3.2011	
		Tonnes	Tonnes	Rs.'000	Tonnes	Tonnes	Tonnes	Tonnes	Rs.'000
I.	Goods Manufactured								
1)	Bars, Rods & Coils of Special & Alloy Steel and Stainless Steel	640,000# (640,000)#	16,341 (11,141)	1,884,258 * (1,321,487) *	342,024 ** (308,282) **	10,206 (7,144)	319,590 (295,938)	20,922,541 (15,367,404)	28,569 (16,341) 3,596,677* (1,884,258) *
2)	Electrical Energy (Captive Power Generation) At Dighe - Fuel Oil Based	22.10 M.W. (22.10 M.W.)			MILLION KWH 82.70 (86.81)	MILLION KWH 81.53 (86.81)			
	At Ginigera - Gas based	15.00 M.W. (—)			6.67 (—)	5.84 (—)			
3)	Others	(—) (—)		141,628 (181,376)				529,022 (295,597)	263,647 (141,628)
4)	Semi Finished Billets & Blooms	970,000## (970,000)##			565,413 ## (522,448) ##		1,373 (1,613)	57,771 (67,464)	
Total I				2,025,886 (1,502,863)				21,509,334 (15,730,465)	3,860,324 (2,025,886)
II.	Goods For Trade								
Products		Opening Stock as at 1.4.2010		Purchases 2010-11		Sales 2010-11		Closing Stock as at 31.3.2011	
		Tonnes	Rs.'000	Tonnes	Rs.'000	Tonnes	Rs.'000	Tonnes	Rs.'000
a)	Stainless Steel Flats	(73)	(4,737)	(65)^^	(3,404)^^	(8)		(—)	(—)
b)	Spares, Assemblies and Components of Industrial Machinery	(—) (—)	(—)	2,516 (4,382)	349,600 (451,323)	2,516 (4,382)	Refer \$ I	(—)	(—)
Total II		(73)	(4,737)		349,600 (447,919)			(—)	(—)
Total I + II							21,509,334 (15,730,465)		

* Including Excise Duty.

** Steel production includes 5,334 Tonnes (7,591 Tonnes) converted outside.

Includes 204,301 Tonnes (182,857 Tonnes) converted from customers' material.

\$ Sales value in respect of Goods for trade are included in schedule 14(ii)(b).

^^ Goods returned.

NOTES

1. Annual Installed Capacity is certified by a Managing Director and being a technical matter, is accepted by the Auditors as correct.

2. Figures shown in brackets relate to the previous year.

3. Installed capacity of Bar Rods & Coils includes 140,000 Tonnes of installed capacity from Ginigera plant allotted for products of Mukand Ltd under Strategic Alliance Agreement with Kalyani Steels Ltd.

4.## Installed capacity of Semi Finished Billets & Blooms at Ginigera of 700,000 Tonnes, includes 289, 660 Tonnes of capacity allotted for products of Kalyani Steels Ltd. under Strategic Alliance Agreement.

5. Captive Power Plant at Ginigera commenced trial run operations in January 2011.

23. Details of Imported and Indigenous Materials Consumed:

(a) Raw Materials (including materials taken on loan and after adjustments relating to return of materials taken on loan) :

	2010-11		2009-10	
	Quantity Tonnes	Amount Rs.'000	Quantity Tonnes	Amount Rs.'000
Important basic raw materials :				
- Scrap*				
- Pig Iron				
- Hot Briquetted Iron	111,843	2,244,375	94,503	1,459,801
- Ferro Nickel/Nickel	2,394	2,643,481	1,255	921,728
- Ferro Chrome	21,297	1,479,969	17,967	1,020,299
- Structural and other Steel @	7,115	292,285	8,504	297,431
Billets / Blooms	-	-	37	4,158
Coke } @@	196,142	4,649,848	187,314	3,339,291
Iron Ore }	531,733	1,933,461	525,257	1,241,704
Other raw materials		547,975		348,777
		13,791,394		8,633,189
	2010-11		2009-10	
	% of total Consumption	Amount Rs.'000	% of total Consumption	Amount Rs.'000
Imported	39.46	5,441,560	41.17	3,554,013
Indigenous	60.54	8,349,834	58.83	5,079,176
	100.00	13,791,394	100.00	8,633,189

* Excludes Internal Arisings

@ Includes for Capital jobs

@@ Used for conversion to hot metal for making pig iron, blooms, billets and rounds

NOTES (Contd.)

(b) Stores, Spares, Components etc. (net of sales):

	2010-11		2009-10	
	% of total Consumption	Amount Rs.'000	% of total Consumption	Amount Rs.'000
(i) Stores, Spares etc.				
- Imported	17.83	612,831	31.69	1,007,964
- Indigenous	82.17	2,825,211	68.31	2,172,712
	100.00	3,438,042	100.00	3,180,676
(ii) Components				
- Imported	0.97	1,309	12.79	22,473
- Indigenous	99.03	134,223	87.21	153,225
	100.00	135,532	100.00	175,698
		3,573,574		3,356,374

24. Value of imports (C.I.F. basis) (including in-transit) (on accrual basis)

	2010-11 Rs.'000	2009-10 Rs.'000
Raw Materials	4,684,074	3,604,911
Stores, Spare Parts, Components and Fuel	538,177	491,210
Goods for trade	63,028	582
Capital goods	15,914	14,679
	5,301,193	4,111,382

25. Expenditure in Foreign Currency
(Including amounts capitalised and amounts recovered)

Interest and Bank charges (Net of tax)	11,245	45,602
Technical Consultancy / Services and Engineering contract execution costs (Net of tax)	1,421	3,227
Foreign Travel	5,077	2,035
Legal and Professional fees	5,324	—
Other matters	4,554	4,964
	27,621	55,828

26. Earnings in Foreign Exchange (on accrual basis)

Exports (F.O.B. Value)	1,535,369	770,560
Income from Engineering Contracts	—	—
Dividend	11,405	18,169
Others (includes Management fees, reimbursement of legal costs and a claim from a supplier)	20,081	1,364
	1,566,855	790,093

27. Information on Joint Ventures:

(A) Mukand Bekaert Wire Industries Pvt. Ltd.

- i) Jointly controlled entity – Mukand Bekaert Wire Industries Pvt. Ltd.
Country of incorporation
Percentage of ownership interest as at 31.03.2010
as at 31.03.2011
upto 28.03.2011

: India
: 26% as per Agreement dt. 06.02.2009.
: Nil.
: 26%.

	Rs.'000 As at 31.3.2011 Un-Audited	Rs.'000 As at 31.3.2010 Audited
ii) Contingent liabilities in respect of Joint Venture.		
a) Directly incurred by the Company.	N/A	—
b) Share of the Company in contingent liabilities incurred by jointly controlled entity (to the extent ascertainable)	N/A	—
iii) Capital commitments in respect of Joint Venture.		
a) Direct capital commitments by the Company.	N/A	—
b) Share of the Company in capital commitments of the jointly controlled entity	N/A	3,290
iv) Interest in the assets, liabilities, income and expenses with respect to jointly controlled entity.		
A) Assets :		
a) Fixed Assets (Net Block)	N/A	273,753
Capital Work in progress	N/A	215
b) Investments	N/A	—
c) Current Assets, Loans and Advances		
Inventories	N/A	27,725
Sundry Debtors	N/A	16,073
Cash and Bank balances	N/A	8,309
Loans and Advances	N/A	32,758
Other Current Assets	N/A	—
d) Preliminary expenses	N/A	—
e) Pre-operative expenses	N/A	—

NOTES (Contd.)

	As at 31.3.2011 Rs.'000 Un-Audited	As at 31.3.2010 Rs.'000 Audited
B) Liabilities:		
a) Loan Funds :		
Secured Loans	N/A	240,057
Unsecured Loans	N/A	—
b) Current Liabilities and Provisions :		
Liabilities	N/A	26,169
Provisions	N/A	409
c) Deferred Tax Liability	N/A	—
C) Income	233,838	26,750
D) Expenses	310,837	56,365
E) Tax	—	—
(B) Mukand Vini Mineral Ltd.		
i) Jointly controlled entity – Mukand Vini Mineral Ltd.		
Country of incorporation	: India	
Percentage of ownership interest	: 48.81%	
	As at 31.3.2011 Rs.'000 Un-Audited	As at 31.3.2010 Rs.'000 Audited
ii) Contingent liabilities in respect of Joint Venture.		
a) Directly incurred by the Company.	49,000	49,000
b) Share of the Company in contingent liabilities incurred by jointly controlled entity (to the extent ascertainable)	—	—
iii) Capital commitments in respect of Joint Venture.		
a) Direct capital commitments by the Company.	—	—
b) Share of the Company in capital commitments of the jointly controlled entity	—	—
iv) Interest in the assets, liabilities, income and expenses with respect to jointly controlled entity.		
A) Assets :		
a) Fixed Assets (Net Block)	7	16
Capital Work in progress	—	—
b) Investments	—	—
c) Current Assets, Loans and Advances :		
Inventories	—	—
Sundry Debtors	—	—
Cash and Bank balances	150	20
Loans and Advances	17	12
Other Current Assets	—	—
d) Preliminary expenses	151	150
e) Pre-operative expenses	11,169	9,094
B) Liabilities:		
a) Loan Funds :		
Secured Loans	—	—
Unsecured Loans	—	—
b) Current Liabilities and Provisions :		
Liabilities	3,001	2,233
Provisions	—	—
c) Deferred Tax Liability	—	—
C) Income	—	—
D) Expenses	—	—
28. In accordance with Accounting Standard – 17 "Segment Reporting", segment information has been given in the consolidated financial statements of the Company, and therefore, no separate disclosure on segment information is given in these financial statements.		
29. The accounts of previous year were audited by another Auditor and opening balances are as per such accounts.		
30. Figures less than Rs.500/- have, wherever necessary, been shown at actuals in brackets since all the figures have been rounded off to the nearest thousand.		
31. Previous year's figures have been regrouped/recast wherever necessary.		

As per our attached report of even date

For Haribhakti & Co.

Chartered Accountants

Niraj Bajaj

Chairman & Managing Director

Rajesh V Shah

Co-Chairman & Managing Director

Suketu V Shah

Joint Managing Director

Sarah George

Partner

Mumbai : May 27, 2011

K J Mallya

Company Secretary

Mumbai, May 27, 2011

BALANCE SHEET ABSTRACT

Statement Pursuant to Part IV of Schedule VI to The Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 2726 State Code 11
Balance Sheet Date 31 03 2011

II. Capital Raised during the year (Amount in Rs. thousands)

Public Issue	Rights Issue
—	—
Bonus Issue	Private Placement
—	—

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

Sources of Funds	Total Liabilities	Total Assets
	39,854,345	39,854,345
	Paid-Up Capital	Reserves & Surplus
	787,520	21,449,734
	Deferred Tax	
	146,528	
	Secured Loans	Unsecured Loans
	13,908,532	3,562,031
Application of Funds	Net Fixed Assets	Investments
	24,558,388	1,096,677
	Net Current Assets	Misc. Expenditure
	14,167,186	32,094
	Accumulated Losses	
	—	

IV. Performance of the Company (Amount in Rs. thousands)

Turnover and Other Income	Total Expenditure net of Exceptional Items
25,990,658	25,377,084
Profit/(Loss) Before Tax	Profit/(Loss) After Tax
613,574	466,356
Earnings per Share in Rs.	Dividend Rate %
6.38	10

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

Item Code No. (ITC Code)	7228 30 29
Product Description	Bars and rods of Alloy Steel
Item Code No. (ITC Code)	7227 90 40
Product Description	Bars and rods, coils, Other Alloy Steel (CHQ)
Item Code No. (ITC Code)	7221 00 12
Product Description	Bars, Rods Hot Rolled Coils of Stainless Steel Nickel Chrome Austenitic Type

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES :

Name of the Subsidiary Company	Mukand Global Finance Limited	Vidyavihar Containers Limited	Mukand International Limited	Mukand International FZE	Mukand Vijayanagar Steel Ltd.
The financial year of the subsidiary company ended on	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011
Number of shares in the subsidiary company held by Mukand Ltd., at the above date					
Equity	11,749,500	11,976,762	1,000	5	70,000
Percentage of holding	100	100	100	100	100
The net aggregate of profits, less losses of the subsidiary company so far as they concern the members of Mukand Ltd.	<u>Rs.'000</u>	<u>Rs.'000</u>	<u>USD</u>	<u>USD</u>	<u>Rs.'000</u>
(i) Dealt with in the accounts of Mukand Ltd., amounted to:					
(a) for the subsidiary's financial year	—	—	240,000	—	—
(b) for the previous financial years of the subsidiary since it became a subsidiary of Mukand Ltd.	39,955	—	918,699	—	—
(ii) Not dealt with in the accounts of Mukand Ltd., amounted to:					
(a) for the subsidiary's financial year	17,123	(151,269) (Loss)	(5,340) (Loss)	198,932	(31) (Loss)
(b) for the previous financial years of the subsidiary since it became subsidiary of Mukand Ltd.	99,327	(720,487) (Loss)	255,776	(20,772) (Loss)	(69,628) (Loss)
Changes in the interest of Mukand Ltd., between the end of the subsidiary's financial year and 31st March, 2011	N.A.	N.A.	N.A.	N.A.	N.A.
Material changes between the end of the subsidiary's financial year and 31st March, 2011					
(i) Fixed assets	N.A.	N.A.	N.A.	N.A.	N.A.
(ii) Investments	N.A.	N.A.	N.A.	N.A.	N.A.
(iii) Moneys lent by the subsidiary	N.A.	N.A.	N.A.	N.A.	N.A.
(iv) Moneys borrowed by the subsidiary other than for meeting current liabilities	N.A.	N.A.	N.A.	N.A.	N.A.

Niraj Bajaj
Chairman & Managing Director

Rajesh V Shah
Co-Chairman & Managing Director

Suketu V Shah
Joint Managing Director

K J Malliya
Company Secretary
Mumbai, May 27, 2011

Mumbai : May 27, 2011

REPORT OF THE AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached Consolidated Balance Sheet of Mukand Limited ("the Company") and its Subsidiaries, associates and joint ventures (collectively referred to as "the Group") as at March 31, 2011, the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Mukand Limited's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated 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 certain subsidiaries which reflect total assets of Rs. 2,306,942 thousand as at March 31, 2011, total revenue of Rs. 1,389,507 thousand and net cash outflows amounting to Rs. 17,597 thousand for the year then ended and financial statements of certain associates in which the share of profit of the Group is Rs 23,351 thousand. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. *We have relied on the unaudited financial statements of joint ventures, which reflect total assets of Rs. 6,316 thousand as at March 31, 2011, total revenue of Rs. 233,838 thousand and net cash outflows amounting to Rs. 248 thousand for the year then ended and financial statements of one associate in which the share of profit of the Group is Rs. Nil. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of the joint ventures and associate is based solely on such approved unaudited financial statements.*
5. We report that the consolidated financial statements have been prepared by the Mukand Limited's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures, as notified by the Companies (Accounting Standards) Rules, 2006.
6. Without qualifying our report, we invite attention to Note No 8(a) of Schedule 19 of the notes to the consolidated financial statement in respect of balances due to the group from Bombay Forging Limited (BFL), an associate company, aggregating to Rs 669,774 thousand as at 31 March 2011 (Rs 805,265 thousand at 31 March 2010), where the management has, barring any significant uncertainties in future, relied upon the projected future earnings from the business activities of BFL.
7. The auditor of an associate has without qualifying his report drawn attention to note no. 8(l) of Schedule 19 to the consolidated financial statement relating to the recoverability of the overdue loans, aggregating Rs. 119,675 thousand as at 31 March 2011 (Rs 151,675 thousand at 31 March 2010) and interest receivable thereon aggregating Rs. 56,590 thousand as at 31 March 2011 (Rs. 62,333 thousand at 31 March 2010) that are due from investment companies (related parties) whose net worth have been eroded, and the management's assessment on their recoverability due to the reason stated therein, which are susceptible to inherent uncertainties which, if not materialize, could significantly impact the carrying values of the aforesaid loan and interest thereon. The group's share for the above loans and interest receivable is Rs. 58,361 thousand as at 31 March 2011 (Rs. 70,858 thousand at 31 March 2010).
8. *As more fully explained in note 8(b), 8(c), 8(e), 12(b) and 8(r) to Schedule 19 of the notes to the consolidated financial statements, no provision has been made with regard to:*
 - a) *The realisability of the 'Exposures' in certain investment companies (through two wholly owned subsidiaries), aggregating Rs 1,498,628 thousands (net) as at 31 March 2011 (Rs 1,638,839 thousand at 31 March 2010), in view of inherent uncertainties involved the management is unable to make an assessment of the said realisability with accuracy.*
 - b) *The realisability of the 'Exposures' in Stainless India Limited (SIL), an associate company, aggregating Rs 675,273 thousands (net) as at 31 March 2011 (Rs 1,046,090 thousand at 31 March 2010), where the networth of SIL has been completely eroded and there is no significant activities being carried out by SIL;*
 - c) *The exposures towards loans given aggregating Rs. 436,019 thousand as at 31 March 2011 (Rs 604,274 thousand as at 31 March 2010) to, and investment aggregating Rs. 386,940 thousand as at 31 March 2011 (Rs. 579,748 thousand as at 31 March 2010) in shares of, certain companies in excess of limits specified in paragraph 18 of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.*
 - d) *The realisability of the claim of Rs 1,147,274 thousand as at 31 March 2011 (Rs 1,191,933 thousand as at 31 March 2010), from National Highway Authority of India (NHAI);*
The exposure on the above and the ultimate shortfall, if any, is not presently determinable.
 - e) *The accounts of Vidyavihar Containers Limited, a subsidiary, have been prepared on the principles applicable to a going concern as the property development activity has commenced despite substantial carry forward losses incurred.*

The audit report on the financial statements for the year ended March 31, 2010 was qualified in respect of the matter stated in para 8(a) by the previous auditor.
9. Based on our audit, and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the component, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, *subject to our remarks in paragraph 8 above the effect of which is presently not ascertainable*, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
 - (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 Haribhakti & Co.
Chartered Accountants
FRN 103523W

Sarah George
Partner
Membership No. 45255

Place : Mumbai
Date : 27th May, 2011

CONSOLIDATED BALANCE SHEET
As at 31st March, 2011

	Schedule	31st March, 2011 Rs.'000	31st March, 2010 Rs.'000
I SOURCES OF FUNDS			
(1) Shareholders' Funds			
(a) Share Capital	1	787,520	787,520
(b) Reserves and Surplus	2	20,589,610	17,078,006
		<u>21,377,130</u>	<u>17,865,526</u>
(2) Deferred Tax Liability (Net)		146,528	—
(3) Loan Funds			
(a) Secured Loans	3	13,908,532	13,519,165
(b) Unsecured Loans	4	4,194,975	4,236,752
		<u>18,103,507</u>	<u>17,755,917</u>
Total		<u>39,627,165</u>	<u>35,621,443</u>
II APPLICATION OF FUNDS			
(1) Fixed Assets	5		
(a) Assets			
(i) Gross Block		31,445,460	27,136,269
(ii) Less: Depreciation		7,120,879	6,655,555
(iii) Net Block		<u>24,324,581</u>	<u>20,480,714</u>
(b) Capital Work-in-Progress		<u>247,611</u>	<u>1,287,740</u>
		<u>24,572,192</u>	<u>21,768,454</u>
(2) Investments	6	513,197	474,790
(3) Deferred Tax Asset (Net)		58	67
(4) Current Assets, Loans and Advances			
(a) Inventories	7	9,252,516	7,740,587
(b) Sundry Debtors	8	8,780,546	7,424,126
(c) Cash and Bank Balances	9	1,122,018	1,130,922
(d) Loans and Advances	10	4,629,062	5,242,251
		<u>23,784,142</u>	<u>21,537,886</u>
Less:			
Current Liabilities and Provisions			
(a) Liabilities	11	8,502,261	7,370,972
(b) Provisions	12	772,257	825,198
		<u>9,274,518</u>	<u>8,196,170</u>
Net Current Assets		14,509,624	13,341,716
(5) Deferred Revenue Expenditure (to the extent not written off or adjusted)	13	32,094	36,416
Total		<u>39,627,165</u>	<u>35,621,443</u>
Notes forming part of the Consolidated Financial Statements	19		

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31st March, 2011

	Schedule	2010-11 Rs.'000	2009-10 Rs.'000
INCOME			
Sales, Services and Other Income	14		
Gross Sales and Services		27,856,041	21,741,642
Less: Excise Duty recovered		<u>2,413,148</u>	<u>1,599,343</u>
Net Sales and Services		25,442,893	20,142,299
Other Income		<u>820,213</u>	<u>311,622</u>
		<u>26,263,106</u>	<u>20,453,921</u>
EXPENDITURE			
Raw Materials Consumed	15	13,809,122	8,708,111
Operating and Other Expenses	16	10,927,636	9,410,211
Variation in Opening and Closing Stocks	17	(1,694,186)	(1,049,378)
Purchases for Trade		394,822	564,778
Finance and Lease Charges	18	1,746,916	1,620,294
Depreciation / Amortization (Including Share of Joint Ventures)		692,402	642,239
Expenditure transferred to Capital Accounts/ Capital Work-in-Progress (including Trial Run Expenditure (net))		(19,834)	(10,645)
		<u>25,856,878</u>	<u>19,885,610</u>
Profit for the year before tax (Less) :		406,228	568,311
Provision for taxation :			
Wealth Tax		(690)	(625)
Current Tax		—	(109,315)
Deferred Tax (Charge) / Credit		(146,537)	(30)
MAT Credit Entitlement		—	105,801
Profit after tax (Less) :		259,001	564,142
Excess / (Short) provision for tax		(3,214)	1,174
Share of Profit in Associates (net)		24,373	31,049
Prior Period Adjustments (net) (including share in Associates/Joint Venture) (Refer Note 17 of Schedule 19)		(8,256)	(7,652)
Profit for the year		271,904	588,713
Balance brought forward from previous year		<u>269,416</u>	<u>—</u>
Balance available for Appropriations		541,320	588,713
Appropriations:			
Transferred from Debenture Redemption Reserve	62,500		125,000
Transferred to Debenture Redemption Reserve	(22,356)		(58,750)
Transferred to General Reserve	(420,000)		(300,000)
Transferred to Reserve Fund in terms of Section 45-I C (i) of Reserve Bank of India Act, 1934	(3,450)		—
Preference Dividend	(6)		(6)
Equity Dividend	(73,114)		(73,114)
Tax on Equity / Preference Dividend	(11,862)		(12,427)
		<u>(468,288)</u>	<u>(319,297)</u>
Balance carried to the Balance Sheet		73,032	269,416
Weighted average number of Equity Shares outstanding during the year		73,114,129	73,114,129
Basic and diluted earnings per share (in Rs.)		3.72	8.05
Nominal value of share (in Rs.)		10.00	10.00
Notes forming part of the Consolidated Financial Statements	19		

As per our attached report of even date
For Haribhakti & Co.
Chartered Accountants

Niraj Bajaj
Chairman &
Managing Director

Rajesh V Shah
Co-Chairman &
Managing Director

Suketu V Shah
Joint
Managing Director

As per our attached report of even date
For Haribhakti & Co.
Chartered Accountants

Niraj Bajaj
Chairman &
Managing Director

Rajesh V Shah
Co-Chairman &
Managing Director

Suketu V Shah
Joint
Managing Director

Sarah George
Partner
Mumbai : May 27, 2011

K J Malliya
Company Secretary
Mumbai, May 27, 2011

Sarah George
Partner
Mumbai : May 27, 2011

K J Malliya
Company Secretary
Mumbai, May 27, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11	2010-11	2010-11	2009-10	2009-10	Rs.'000 2009-10
A. Cash Flow arising from Operating Activities						
Profit before Tax			406,228			568,311
Add back:						
a) Depreciation		692,407			642,239	
b) Other Non-cash Expenditure / (Income) - (Net)		430,312			(9,750)	
c) Finance and Lease Charges - (Net)		1,555,409			1,445,629	
			2,678,128			2,078,118
			3,084,356			2,646,429
Deduct:						
a) Investment Income		7,577			1,342	
b) Profit on sale of Investments		18,779			16,691	
c) Surplus/(Loss) on sale of assets - (Net)		387,912			(6,172)	
			414,268			11,861
Operating Profit before Working Capital Changes			2,670,088			2,634,568
Less: Working Capital Changes						
a) Increase in Trade and Other Receivables	1,343,690			454,641		
b) Increase in Inventories	1,511,929			1,508,379		
c) Decrease in Trade Payables	—			817,556		
		2,855,619			2,780,576	
Less:						
a) Increase in Trade Payables	992,589			—		
		992,589				
Net Working Capital Changes			(1,863,030)			(2,780,576)
Cash flow from Operations			807,058			(146,008)
Less: Direct taxes paid			91,295			177,147
			715,763			(323,155)
Less: Prior period adjustments			7,234			7,672
Net Cash Inflow/(Outflow) from Operating Activities			708,529			(330,827)
B. Cash Flow arising from Investing Activities						
Inflow						
a) Sale of Fixed Assets		692,032			9,641	
b) Interest received on loans to Companies		2,391			29,372	
c) Dividends received		7,577			1,342	
d) Decrease in Loans to Companies		33,900			—	
e) Sale of Investments - (Net)		118,922			16,843	
			854,822			57,198
Deduct Outflow						
a) Acquisition of fixed assets		399,658			504,554	
b) Acquisition of Investments - (Net)		115,199			—	
c) Increase in Loans to Companies		—			336,510	
			514,857			841,064
Net Cash Inflow/(Outflow) from Investing Activities			339,965			(783,866)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

	2010-11	2010-11	2010-11	2009-10	2009-10	Rs.'000 2009-10
C. Cash Flow arising from Financing Activities						
Inflow						
a) Increase in Term Loans - (Net)		—			3,064,167	
b) Increase in Working Capital Loans from Banks - (Net)		826,006			—	
d) Increase in Other Unsecured Loans - (Net)		<u>72,296</u>			<u>1,967,703</u>	
			898,302			5,031,870
Deduct Outflow						
a) Redemption of Debentures		119,255			552,415	
b) Decrease in Term Loans - (Net)		134,155			—	
c) Decrease in Working Capital Loans from Banks - (Net)		—			1,331,407	
d) Dividend paid		85,547			7	
e) Finance and Lease Charges - (Net)		<u>1,744,188</u>			<u>1,760,549</u>	
			2,083,145			3,644,378
Net Cash Inflow /(Outflow) from Financing Activities			(1,184,843)			1,387,492
Net Increase / (Decrease) in Cash/Cash Equivalents			(136,349)			272,799
Add : Balance at the beginning of the year			680,435			407,636
Cash/Cash Equivalents at the close of the year			544,086			680,435

Note : 1) Cash / Cash Equivalents exclude balances with banks in Margin Money Accounts : 31.03.2011 - Rs.530,340 thousand; 31.03.2010 - Rs.447,918 thousand; 31.03.2009 - Rs.724,238 thousand and in Escrow Account : 31.03.2011 - Rs. 47,592 thousand; 31.03.2010 - Rs. 2,569 thousand

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Niraj Bajaj
Chairman & Managing Director

Rajesh V Shah
Co-Chairman & Managing Director

Suketu V Shah
Joint Managing Director

Sarah George
Partner
Mumbai : May 27, 2011

K J Mallya
Company Secretary
Mumbai, May 27, 2011

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Schedules '1' to '19' annexed to and forming part of the Balance Sheet as at
and the Profit and Loss Account for the year ended 31st March, 2011

31st March, 2011	31st March, 2010
Rs.'000	Rs.'000

1. SHARE CAPITAL	31st March, 2011 Rs.'000	31st March, 2010 Rs.'000	Currency Fluctuation Reserve - On Consolidation As per last Account Add/(Less): Increase/(Decrease) for the year on Consolidation	Rs.'000	Rs.'000
Authorised:					
7,000,000 Preference Shares of Rs.10/- each	70,000	70,000			
118,000,000 Equity Shares of Rs.10/- each	1,180,000	1,180,000		(31,739)	(13,065)
	<u>1,250,000</u>	<u>1,250,000</u>			
Issued:			General Reserve :		
5,626,320 0.01% Cumulative Redeemable Preference Shares of Rs.10/- each,	56,263	56,263	As per last Account	967,229	667,229
73,159,805* Equity Shares of Rs.10/- each	731,599	731,599	Add : Set aside during the year	<u>420,000</u>	<u>300,000</u>
	<u>787,862</u>	<u>787,862</u>		1,387,229	967,229
			Profit and Loss Account:		
			Surplus as per annexed	73,032	269,416
			Profit and Loss Account	<u>20,589,610</u>	<u>17,078,006</u>
Subscribed:					
5,626,320 0.01% Cumulative Redeemable Preference Shares of Rs.10/- each, fully paid up	56,263	56,263			
73,114,129 Equity Shares of Rs.10/- each, fully paid up	731,141	731,141			
Add : Forfeited Shares, amounts originally paid up	<u>116</u>	<u>116</u>			
	<u>731,257</u>	<u>731,257</u>			
	<u>787,520</u>	<u>787,520</u>			
* Includes 28,031 Equity Shares which have been kept in abeyance by the Stock Exchange Authorities.					
2. RESERVES AND SURPLUS			3. SECURED LOANS [Refer Note 15 Schedule 19]		
Capital Reserve:			a) Debentures	488,225	607,480
As per last Account	47	47	b) Long Term Loans in Indian Rupees from : #		
Securities Premium Account:			- Financial Institutions	2,238,323	2,391,572
As per last Account	2,255,468	2,255,468	- Banks	6,981,434	6,538,803
Debenture Redemption Reserve:			- Companies	249,312	303,833
As per last Account	162,200	228,450	- Housing Development Finance Corporation Ltd.	<u>—</u>	<u>375,000</u>
Add / (Less):				9,469,069	9,609,208
Transferred to Profit and Loss Account	(62,500)	(125,000)	c) Working Capital Loans from Banks	3,951,238	3,125,232
Set aside during the year	<u>22,356</u>	<u>58,750</u>	d) Share of Joint Ventures	<u>—</u>	<u>177,245</u>
	122,056	162,200		<u>13,908,532</u>	<u>13,519,165</u>
Capital Redemption Reserve:			# Includes funded interest term loans in respective categories		
As per last Account	30,000	30,000	4. UNSECURED LOANS		
Revaluation Reserve:			Fixed Deposits	1,720,148	1,421,436
As per last Account	13,389,984	13,389,984	Short Term Loans from Companies	2,451,054	2,784,185
Add : Additions on revaluation	<u>3,343,356</u>	<u>—</u>	Interest accrued and due	590	7,933
	16,733,340	13,389,984	Sales Tax Deferment Loan	23,183	23,183
Reserve Fund:			Share of Joint Ventures	<u>—</u>	<u>15</u>
As per last Account	16,727	16,727		<u>4,194,975</u>	<u>4,236,752</u>
Add : Transferred from Profit and Loss Account in terms of Section 45-I C (i) of Reserve Bank of India Act, 1934	<u>3,450</u>	<u>—</u>			
	20,177	16,727			

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

5. FIXED ASSETS [Refer Note 5(C),(D), 6 and 7 of Schedule 19]

(a) Assets

Rs.'000

	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK		
	As at 1st April, 2010	Additions/ Adjustments	Deductions/ Adjustments	Additions to Revalued Assets	As at 31st March, 2011	As at 1st April, 2010	For the year (*)	Adjustments/ Deductions during the year	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Tangible Assets											
Land	13,648,727	19,199	14,150	3,343,356	16,997,132	19,312	3,020	1,771	20,561	16,976,571	13,629,415
[(Including Leasehold Land)]											
Railway Siding	130,432	7,812	-	-	138,244	12,920	6,302	-	19,222	119,022	117,512
Buildings	1,482,216	254,667	856	-	1,736,027	509,365	45,558	129	554,794	1,181,233	972,851
Plant and Machinery	11,435,367	1,144,097	196,020	-	12,383,444	5,979,692	607,485	173,882	6,413,295	5,970,149	5,455,675
Furniture, Fixtures, etc.	119,323	5,425	19,739	-	105,009	67,500	5,267	17,135	55,632	49,377	51,823
Vehicles	86,923	7,187	18,022	-	76,088	58,700	7,718	13,710	52,708	23,380	28,223
Sub-Total	26,902,988	1,438,387	248,787	3,343,356	31,435,944	6,647,489	675,350	206,627	7,116,212	24,319,732	20,255,499
Intangible Assets											
Software	9,227	274	-	-	9,501	1,576	3,083	-	4,659	4,842	7,651
Sub-Total	9,227	274	-	-	9,501	1,576	3,083	-	4,659	4,842	7,651
Share of Joint Ventures	224,054	-	224,039	-	15	6,490	13,974	20,456	8	7	217,564
Total	27,136,269	1,438,661	472,826	3,343,356	31,445,460	6,655,555	692,407	227,083 **	7,120,879	24,324,581	20,480,714
Previous year's Total	24,939,272	2,248,584	51,587	-	27,136,269	6,049,110	642,239	35,794	6,655,555	20,480,714	

(b) i) Capital Work-in-Progress, expenditure to date

236,457 1,218,209

(b) ii) Capital Work-in-Progress, Share of Joint Ventures

11,154 69,531

24,572,192 21,768,454

* Includes Rs. 5 thousands (Previous year Rs.Nil) being depreciation directly transferred to pre-operative expenditure.

** Net of short depreciation of earlier year Rs.70 thousands (Previous year Rs.Nil)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

[illegible]

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	2010-11 Rs.'000	2009-10 Rs.'000		2010-11 Rs.'000	2009-10 Rs.'000
ii) Other Income					
(a) Sale of Scrap and Sundries	87,403	59,211	Commission	66,400	34,089
(b) Sales-tax/ VAT Refunds	26,438	6,945	Freight, Forwarding & Warehousing (net)	861,017	773,170
(c) Gain on variation in foreign exchange rate (Net)	7,547	5,686	Directors' Fees and Travelling Expenses	970	992
(d) Interest Received			Bad Debts, debit balances and claims written off	905,517	59,789
- From Banks	32,412	30,377	Less: Doubtful debts Provided in earlier years	619,504	27,909
- From Others	72,046	47,137			
	104,458	77,514	Provision for doubtful debts/advances	286,013	31,880
(e) Insurance Claims etc.	7,995	9,370	Provision for Non-Performing Assets	150,000	667
(f) Credit balances appropriated	11,013	43,612	Provision on Standard Assets	2,383	25,000
(g) Other Miscellaneous receipts	85,992	42,596	Loss on assets discarded / impaired	11,078	9,763
(h) Bad Debts Recovered	1,842	10,751	Loss on assets sold (net)	2,946	1,035
(i) Excess provisions written back (net) (Including for Non Performing Assets)	41,376	27,379	Miscellaneous Expenses	339,392	302,183
(j) Surplus on sale of long term investments	18,779	16,691		9,457,855	8,291,578
(k) Surplus on account of sale of Land & Other Assets (net)	401,936	4,626	Bank Charges	127,328	128,580
(l) Rent Received	9,341	5,889	Share of Joint Ventures	81,443	21,040
(m) Share of Joint Ventures	8,515	10		10,927,636	9,410,211
(n) Dividends (Gross) :			17. VARIATION IN OPENING AND CLOSING STOCKS		
from Trade Investments (long term)		1,155	Opening Stocks	5,964,935	4,859,652
from Other Investments (short term)	6,995	187	Closing Stocks	7,821,361	5,964,935
	7,578	1,342	Variation in Stocks	(1,856,426)	(1,105,283)
Total Other Income	820,213	311,622	Variation in Excise Duty on Opening & Closing Stocks of Finished Goods	162,240	64,192
	26,263,106	20,453,921	Share of Joint Ventures	—	(8,287)
15. RAW MATERIALS CONSUMED			(Increase) in Stocks	(1,694,186)	(1,049,378)
Opening Stocks	525,568	745,016	18. FINANCE AND LEASE CHARGES [Refer Note 15 of Schedule 19]		
Add : Purchases	14,116,292	8,496,211	Interest on Debentures	62,244	89,424
Less : Sales / Materials given on loan	1,178	33,162	Interest on Fixed Loans	1,545,421	1,380,080
	14,640,682	9,208,065	Interest to Banks and Others	660,252	722,993
Less : Closing Stocks	855,858	525,568		2,267,917	2,192,497
	13,784,824	8,682,497	Less :		
Share of Joint Ventures	24,298	25,614	Interest Capitalised	57,381	101,217
	13,809,122	8,708,111	Interest Income from Trade Dues (Gross)	592,004	572,885
16. OPERATING AND OTHER EXPENSES				1,618,532	1,518,395
Employees' Remuneration, Benefits and Other Payments :			Finance Management Charges #	37,192	29,971
Salaries, Wages, Bonus, Compensation and Other Payments	1,021,716	757,308	Lease Rentals	63,744	67,239
Contribution towards Employees' State Insurance, Provident, and Other Funds	139,220	112,034	Share of Joint Ventures	27,448	4,689
Welfare Expenses	100,074	99,671		1,746,916	1,620,294
	1,261,010	969,013			
Manufacturing, Administrative and Selling Expenses :					
Stores, Spares, Components, Tools, etc. consumed	3,573,574	3,356,506			
Contract execution costs	170,274	371,673			
Power and Fuel consumed	1,790,420	1,514,567			
Machining and Processing charges	1,583,142	1,370,366			
Sub-contracting expenses	281,734	222,426			
Other Manufacturing expenses	101,226	93,553			
Property Development Expenses	7,693	7,678			
Rent (net)	10,794	10,276			
Hire charges	55,383	33,382			
Rates and Taxes	29,748	23,732			
Insurance (net)	18,262	19,961			
Repairs:					
to Buildings	25,231	26,679			
to Plant and Machinery	72,682	44,613			
to Other assets	17,493	17,387			
	115,406	88,679			

Includes proportionate front end fee written off Rs. Nil (Previous year Rs. 167 thousands)

19. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS AND PRINCIPLES OF CONSOLIDATION

1. a) The consolidated financial statements of the group have been prepared based on a line-by-line consolidation of the financial statements of Mukand Limited and its subsidiaries using uniform accounting policies for like transactions and other events in similar circumstances except for the changes in accounting policy discussed more fully below. All material inter-company balances and transactions are eliminated on consolidation. Mukand Limited and all the subsidiaries have closed books of accounts as at March 31, 2011 as year-end for the purpose of preparing the consolidated financial statements of the group.
- b) Investment of the Company in associates is accounted as per the equity method prescribed under notified accounting standard 23 – "Accounting for Investment in Associates in Consolidated Financial Statements" under Companies Accounting Standard Rules, 2006.
- c) Interest in Jointly Controlled Entity is accounted as per the Proportionate Consolidation Method prescribed under Notified Accounting Standard 27 – "Financial Reporting of Interests in Joint Venture in Consolidated Financial Statements" under Companies Accounting Standard Rules, 2006 (as amended).
- d) Assets and liabilities of subsidiaries are translated into Indian rupees at the rate of exchange prevailing as at the Balance Sheet date. Revenues and expenses are translated into Indian rupees at average of twelve months closing rates and the resulting net translation adjustment aggregating Rs.18,674 thousands (Previous Year Rs.12,301 thousands) has been adjusted to Reserves.
- e) Accordingly, the Consolidated Financial Statements (CFS) includes the results of five wholly owned subsidiaries, joint venture and four associates. The names, country of incorporation and proportion of ownership is given hereunder

Name of the Company	Country of Incorporation	Percentage of share holding	Consolidated as
Mukand Global Finance Ltd.	(MGFL) India	100	Subsidiary
Vidyavihar Containers Ltd.	(VCL) India	100	Subsidiary
Mukand Vijaynagar Steels Ltd.	(MVSL) India	100	Subsidiary
Mukand International Ltd.	(MIL) UK	100	Subsidiary
Mukand International FZE	(MIFZE) UAE	100	Subsidiary
Mukand Vini Mineral Ltd.	(MVML) India	48.81	48.81:51.19 Joint Venture
Mukand Bekaert Wire Industries Pvt. Ltd.	India	26.00	26:74 Joint Venture upto 28.03.2011
Mukand Engineers Ltd.	(MEL) India	36.11	Associate
Bombay Forgings Ltd.	(BFL) India	24.00	Associate
Stainless India Ltd.	(SIL) India	48.30	Associate
Hospet Steels Ltd.	(HSL) India	28.00	Associate

2. Significant accounting policies and notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.
3. Intra-group balances, intra-group transactions and unrealised profits have been eliminated in preparing these accounts.
4. The excess of the cost to the Parent Company of its investments in each of the subsidiaries and associates over its share of equity in the respective subsidiary/associate, on the acquisition date, is recognised in the financial statement as goodwill and amortized over a period of five years. However, such excess or deficit arising after the acquisition date on account of currency fluctuation in respect of foreign subsidiaries is transferred to Currency Fluctuation Reserve.
5. Statement of significant accounting policies and practices.

A) Basis of preparation:

The Consolidated Financial Statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The consolidated financial statements have been prepared under the historical cost

convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

B) Use of Estimates:

The preparation of Consolidated Financial Statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated and actual materialized results and estimates are recognized in the period, in which the results are known.

C) Fixed Assets:

(a) Tangible Assets:

- (i) Fixed Assets except leasehold land are stated at cost of acquisition or construction. However, fixed assets, which are revalued are stated at their revalued book values.

Cost of acquisition comprise all costs incurred to bring the assets to their location and working condition upto the date assets are put to use. Cost of construction comprise of those costs that relate directly to specific assets and those that are attributable to the construction activity in general and can be allocated to specific assets upto the date the assets are put to use.

- (ii) Leasehold Land is stated net of amounts written off on amortisation.

(b) Intangible Assets:

Intangible Assets are stated at their cost of acquisition less accumulated amortization and impairment losses. An asset is recognized, where it is possible that future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount on intangible assets is allocated over the best estimate of its useful life on a straight line basis or the period of agreement whichever is lower.

(c) Depreciation/ Amortisation:

- (i) Depreciation is provided on all assets on the "Straight Line Method" in accordance with the provisions of Section 205 (2)(b) of the Companies Act, 1956.
- (ii) Depreciation on Buildings and Furniture & Fixtures acquired upto 31st March, 1987 is provided at the rates of depreciation prevalent at the time of acquisition of the assets in accordance with Circular No.1 of 1986 [1/1/86-CL-V] dated 21.5.1986 issued by the Company Law Board.
- (iii) Depreciation on addition to assets referred to in (ii) above, acquired on or after 1st April, 1987 is provided at the Straight Line Method rates specified from time to time in Schedule XIV to the Companies Act, 1956.
- (iv) Depreciation on assets under Plant & Machinery group in Schedule XIV to the Companies Act, 1956, is provided over the recomputed "Specified Period", at the rates given in the said Schedule from time to time, in accordance with Circular 14/93 dated 20th December, 1993, issued by the Department of Company Affairs.
- (v) Software is amortised over a period of 3 years. At MEL, ERP software is amortised over a period of 5 years
- (vi) Depreciation in respect of assets used for long term engineering contracts is provided on the estimated useful life of the assets.
- (vii) Assets costing less than Rs.5,000/- are fully depreciated at the rate of 100% in the year of purchase.
- (viii) Depreciation on addition to assets or on sale / discardment of assets is calculated pro-rata from the month of such addition or upto the month of such sale / discardment, as the case may be.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- (ix) Cost of Leasehold land is amortized over the period of lease.
- (x) Technical know-how is amortised over the period of agreement or six years, whichever is lower.
- (xi) By the foreign subsidiaries –on methods and at rates applicable under local laws or at such rates so as to write-off the value of assets over its useful life.
- D] Impairment of Assets :**
- An asset is considered as impaired in accordance with Accounting Standard 28 on "Impairment of Assets", when at balance sheet date there are indications of impairment and the carrying amount of the assets or where applicable the cash generating unit to which the assets belong, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Profit and Loss Account.
- E] Investments:**
- Investments are classified as current or long term in accordance with Accounting Standard 13 on "Accounting for Investments". Long term Investments are stated at cost of acquisition. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments. Current investments are stated at lower of cost of acquisition and fair value. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the Profit and Loss Account.
- F] Inventories:**
- The inventories resulting from intra group transactions have been stated at cost by eliminating unrealized profit on such transactions.
- Inventories are valued at lower of cost or net realizable value. Materials-in-transit are valued at cost-to-date. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition including excise duty payable on goods produced. The cost formulae used for determination of cost are either 'First in First Out' or 'Average Cost', as applicable.
- Land for property development is valued at lower of cost and net realisable value.
- Inventories of shares/other securities are valued at lower of aggregate costs as compared to the aggregate market value for each category of inventories.
- G] Foreign currency translations :**
- (i) All transactions in foreign currency, are recorded at the rates of exchange prevailing as at the date of the transaction.
- (ii) Monetary assets and liabilities in foreign currency, outstanding at the close of the year, are converted in Indian currency at the appropriate rates of exchange prevailing at the close of the year. The resultant gain or loss is accounted for during the year.
- (iii) In respect of forward exchange contracts entered into towards hedge of foreign currency risks, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expenditure over the life of the contract. Further, the exchange differences arising on such contracts are recognised as income or expenditure along with the exchange differences on the underlying assets/liabilities. Profit or Loss on cancellations/renewals of forward contracts is accounted for during the year.
- Non monetary items such as investments are carried at historical costs using the exchange rates on the date of the transactions.
- (iv) In accordance with the approval obtained by MIL from the Inland Revenue Department, the currency of accounting of MIL was changed from GBP to USD from 1.04.1997.
- H] Revenue Recognition:**
- (i) Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.
- (ii) Revenue from sale of goods is recognized when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained. Sales are net of Sales Tax/Value Added Tax. Excise Duty recovered is presented as a reduction from gross turnover.
- (iii) Liability for Excise Duty and Customs Duty payable on goods held in bond at the year end is provided for.
- (iv) Benefit on account of entitlement to import duty-free materials under the Advance Licence and Duty Entitlement Pass-Book Scheme, is estimated and accounted in the year of export.
- (v) Accounting for Long Term Engineering Contracts:
- Revenue from construction/project related activity for supply/ commissioning of Plant & Equipment is recognised on the percentage of completion method, in proportion that the contract costs incurred for the work performed upto the reporting date bear to the estimated total contract costs.
- Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current estimates.
- At each reporting date, the contracts in progress (progress work) is valued and carried in the Balance Sheet under Current Assets.
- (vi) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognized when the right to receive dividend is established.
- Interest income earned on trade dues is reduced from finance and lease charges (Schedule 18).
- (vii) Front-end fees paid on borrowings are amortised over the period of loans/debentures or over a period of three years whichever is shorter.
- (viii) MGFL follows the prudential norms for income recognition and provisioning for bad and doubtful debts and other non-performing assets as prescribed by the Reserve Bank of India, for Non-Banking Finance Companies.
- (ix) Income from property development activities is recognized in terms of agreements with developers, where applicable, when the construction of the flats and conveyance of the land is completed.
- (x) Income from EDP services provided by MEL is accounted on accrual basis.
- I] Leases:**
- (a) Operating lease:
- Lease, where the lessor effectively retain substantially all the risks and benefits of ownership of the leased assets, are classified as operating lease. Operating lease receipts and payments are recognized as income or expense in the Profit and Loss Account on a straight line basis over the lease term.
- (b) In respect of Other Assets taken on Lease upto 31-3-2001:
- (i) Interest and other charges are deferred over the "specified period" of the assets or the term of lease, whichever is shorter.
- (ii) Lease rentals are charged over the "specified period" of the assets or the term of lease, whichever is shorter.
- The "specified period" is worked out at the rates of depreciation on the Straight Line Method in Schedule XIV to the Companies Act, 1956, and it commences from the year in which the asset is installed.
- J] Employee Benefits :**
- Employee benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident fund and other funds, which fall due for payment within a

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

period of twelve months after rendering service, are charged as expense to the Profit and Loss Account in the period in which the service is rendered.

Employee benefits under defined benefit plans, such as compensated absences and gratuity which fall due for payment after a period of twelve months from rendering service or after completion of employment, are measured by the project unit cost method, on the basis of actuarial valuation carried out by third party actuaries at each balance sheet date. The obligations recognized in the balance sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

K] Borrowing Costs:

Borrowing cost attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on "Borrowing Costs" are capitalized as part of the cost of such assets upto the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

L] Taxation:

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date unrecognised deferred tax assets are re-assessed. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. It writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. It reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

Foreign Subsidiaries

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

M] Segment Reporting Policies :

Identification of segments:

The operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions operate.

Inter segment Transfers:

The Company generally accounts for inter segment transfers at cost.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items :

Includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies:

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the group as a whole.

N] Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

O] Provisions and Contingent Liabilities:

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Consolidated Financial Statements.

P] Cash Flow Statement:

The Cash Flow Statement is prepared by the "indirect method" set-out in Accounting Standard 3 on "Cash Flow Statement" and presents the Cash Flows by operating, investing and financing activities.

Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and unencumbered, highly liquid bank balances.

6. Revaluation:

Mukand :

Free-hold land at Kalwe / Dighe, Thane as at 30.6.1983 was revalued as at 30.6.1984 and the additions to assets on account of this revaluation aggregating Rs.122,705 thousands was correspondingly credited to the Revaluation Reserve during the year ended 30.06.1984. To reflect the current fair market value, Mukand further revalued the freehold land at Kalwe as at 31.3.2001 during November, 2001. The registered valuer had carried out the valuation on the basis of the then market value of this land. The addition to assets on account of this revaluation, aggregating Rs.1,143,588 thousands was correspondingly credited to the Revaluation Reserve during the year ended 31st March, 2002. Mukand has further revalued the aforesaid land as at 31.03.2009 and an amount aggregating Rs.12,123,691 thousands has been added to assets and correspondingly credited to the Revaluation Reserve as at 31.03.2009.

Leasehold land at Dighe, Thane as at 31.03.2011 has been revalued to reflect the current Fair Market Value of this land. The valuation was carried out by a Registered Valuer. The addition to assets on account of this revaluation, aggregating Rs.3,343,357 thousands has been correspondingly credited to the revaluation reserve as at 31.03.2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

7. (i) Fixed assets include net book value of assets at Ginigera Steel Plant of Mukand aggregating Rs.140,000 thousands which have been retired from active use and are held for disposal as tabulated hereunder. The said net book value is on the basis of realisable value as per valuation report of an approved valuer.

Assets held for disposal				Rs. '000
Description	As at 1.4.2010	Depreciation as at 31.3.2011	Loss on discard written-off during F.Y. 2010-11	Net Block as at 31.3.2011
Plant & Machinery	34,952	18,952	2,000	14,000

- (ii) Borrowing costs on long term funds whenever replaced by current short-term borrowings by Mukand is capitalized to qualifying asset as and when the borrowings are utilized for capital expenditure.

8. Loans, Advances, Debts, Investments and other notes of subsidiaries/ associates:

- (a) Mukand has investments of Rs.1,930 thousands (Previous Year Rs.1,930 thousands) in equity shares of Bombay Forgings Limited (BFL), and has debts due from BFL which has reduced to Rs.669,774 thousands (Previous Year Rs.803,336 thousands) (collectively referred to as 'Exposures'). Net worth of BFL has turned positive and BFL is no longer a sick industrial company. BIFR has discharged BFL from the purview of provisions of SICA. The management, considering its long term view on the 'Exposures' relies upon the valuation of unencumbered assets of BFL as at 31st March, 2011 which is at Rs.755,700 thousands (Previous Year Rs.567,261 thousands as at 31.01.2010) and barring any significant uncertainties in future, relies upon the earnings from the ongoing business of BFL. The management considers the 'Exposures' to be 'Good' at the close of the year and adequately covered and expects full realisability of the same in future, upon which the Auditors, being unable to make an informed judgment, have placed their reliance.

- (b) MGFL has investments aggregating Rs.247,200 thousands (Previous Year Rs.247,200 thousands) in Preference Shares and has loans and interest dues aggregating to Rs.820,888 thousands (Previous Year Rs.923,548 thousands) recoverable from investment companies. The net worth of these companies has eroded. These loans have been renewed for further periods. MGFL has fully provided during FY2007-08 for a diminution in the value of investments in Fusion Investments and Financial Services Limited amounting to Rs.49,440 thousands VCL has loans and interest dues aggregating Rs.479,980 thousands (Previous Year Rs.517,531 thousands) recoverable from these investment companies. The management believes that ultimate losses that may result on account of these loans will depend upon the amount that would be realised from the financial assets of these companies. Under the circumstances, being unable to make an informed judgment, the Auditors have relied upon the judgment of the management.

- (c) Mukand / MGFL has an investment of Rs.136,759 thousands (Previous Year Rs.136,759 thousands) in equity shares of Stainless India Limited (SIL). For the purpose of Consolidation of Accounts, the said value of investment has been reduced to Rs. Nil by accounting for share of post acquisition losses.

VCL has loans aggregating Rs.396,600 thousands (Previous Year Rs.396,600 thousands). VCL has provided during the year an amount of Rs.150,000 thousands as doubtful of recovery against these loans. VCL has not provided for interest on these loans as a matter of financial prudence for FY2007-08 (Rs.42,399 thousands), FY2008-09 (Rs.41,233 thousands) and FY2009-10 (Rs.35,694 thousands) and FY2010-11 (Rs.35,694 thousands). SIL has not adhered to repayment of the loan as agreed in the undertaking given by SIL to pay the amount of loan as per the repayment schedule.

Mukand has also trade debts Rs.153,432 thousands (Previous Year Rs.153,432 thousands) (including considered doubtful and provided during FY2005-06 Rs.144,981 thousands), loans and interest receivable outstanding aggregating Rs.4,712 thousands (since received) (Previous Year Rs.4,280 thousands) and has trade advances/interest receivable, aggregating Rs.773,435 thousands (Previous Year Rs.774,259 thousands) (including doubtful of recovery and provided during FY2005-

06 Rs.200,000 thousands and an amount of Rs.190,000 thousands written-off during the year]. Mukand has during the year written-off trade debts amounting to Rs.144,981 thousands against the provision made in FY2005-06. It has also written-off an amount of Rs.390,000 thousands towards trade advances (including Rs.200,000 thousands against the provision made in FY2005-06).

The Net-worth of SIL has eroded. The management has recognised fully the diminution in value of investments and has made no further provision of balance 'Exposures' in SIL. The management, barring any significant uncertainties, relies upon the estimated realisable values of unencumbered assets of SIL, based on which the management considers the balance 'Exposures' to be 'Good' at the close of the year and adequately covered and expects full realisability of the same in future, upon which, the Auditors, being unable to make an informed judgment, have placed their reliance.

MGFL has also purchased a fully secured debt of SIL of Rs.279,955 thousands as per Deed of Assignment executed by IDBI in favour of MGFL on 29th April, 2008 for a consideration of Rs.125,000 thousands. MGFL had made a provision for Non Performing Assets amounting to Rs.62,500 thousands in respect of these dues from SIL in an earlier year in accordance with the guidelines for purchase of Non Performing Assets and prudential norms prescribed by Reserve Bank of India. During the year, MGFL has received an amount of Rs.60,850 thousands from SIL and accordingly it has reversed the provision for Non-Performing Assets amounting to Rs.30,425 thousands and taken credit for the same in the Profit & Loss Account.

The management considers the balance 'Exposures' to be 'Good' at the close of the year and adequately covered and expects full realisability of the same in future, upon which the Auditors, being unable to make an informed judgement, have placed their reliance.

- (d) I) Details of loans and advances in the nature of loans recoverable from associates and shares held by loanes (stipulated under clause 32 of the listing agreement with Stock Exchanges).

Rs. '000					
Name of the Party	Outstanding amount As at 31.3.2011	As at 31.3.2010	Maximum amount during the Year 2010-11	2009-10	
i) Lineage Investments Ltd.	382,223	361,746	382,223	361,746	
ii) Catalyst Finance Ltd.	82,120	114,621	114,621	232,629	
iii) Econium Investments & Finance Ltd.	139,304	163,528	163,528	208,861	
iv) Fusion Investments & Financial Services Ltd.	386,264	424,846	424,846	424,846	
v) Primus Investments & Finance Ltd.	149,568	139,363	149,568	180,854	
vi) Conquest Investments & Finance Ltd.	161,389	168,891	168,891	206,297	
vii) Stainless India Ltd.	465,462	525,600	525,600	531,850	
viii) Mukand Vini Mineral Ltd.	1,426	—	1,426	—	

II) Equity Shares held by the loanes in the capital of Mukand :

Name of the Loanee	No. of shares held by Loanee As at 31.3.2011	As at 31.3.2010	Maxi. no. of shares held by Loanee during the year 2010-11	2009-10
i) Lineage Investments Ltd.	427,880	638,500	638,500	664,000
ii) Catalyst Finance Ltd.	581,000	623,660	623,660	647,160
iii) Econium Investments & Finance Ltd.	345,760	356,260	356,260	391,760
iv) Fusion Investments & Financial Services Ltd.	806,180	825,680	825,680	825,680
v) Primus Investments & Finance Ltd.	213,608	342,865	342,865	366,365
vi) Conquest Investments & Finance Ltd.	248,320	288,320	288,320	288,320

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

III] Preference Shares held by the loanees in the capital of Mukand :

Name of the Loanee	No. of shares held by Loanee		Maxi. no. of shares held by Loanee during the year	
	As at 31.3.2011	As at 31.3.2010	2010-11	2009-10
i) Lineage Investments Ltd.	166,000	166,000	166,000	166,000
ii) Catalyst Finance Ltd.	161,790	161,790	161,790	161,790
iii) Econium Investments & Finance Ltd.	97,940	97,940	97,940	97,940
iv) Fusion Investments & Financial Services Ltd.	206,420	206,420	206,420	206,420
v) Primus Investments & Finance Ltd.	91,591	91,591	91,591	91,591
vi) Conquest Investments & Finance Ltd.	72,080	72,080	72,080	72,080

(e) MGFL has given loans to and invested in shares of certain companies which as at 31st March, 2011, are in excess of the limits specified for single borrower/investee under the Non Banking Financial (Non-Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. MGFL is in the process of taking adequate steps to bring down the excess concentration of the aforesaid exposures within the prescribed ceiling specified under paragraph 18 of the said directions.

(f) VCL has entered into a development agreement for its land at Vidyavihar for a consideration of residential flats to be made available to VCL at the developer's own cost and an additional consideration as compensation payable for Government dues. During FY2005-06, VCL received Rs.230,000 thousands against such compensation and similarly has received during FY2008-09 an amount of Rs.21,370 thousands. Advances received Rs.596,134 thousands against reservation / allotment of flats and deposits received Rs.39,000 thousands in this regard has been included in the current liabilities. Moreover, the developer is to acquire at developer's own cost by way of externally procured TDR subject to payment of additional consideration of Rs.250,000 thousands to VCL, which accrued during FY2008-09 together with interest thereon. During the year 2009-10 VCL filed a winding up petition in the High Court of Bombay against the Developer for recovery of this additional consideration (including interest), which is pending disposal in the Court. As per the accounting policy on income recognition consistently followed by VCL, the said amounts will be accounted for in the year in which the possession of constructed flats is handed and the sale of land is completed.

(g) Investments in Equity Shares of Associates / Joint Ventures.

Sr. No.	Name of the Associate	Rs.'000	
		As at 31.3.2011	As at 31.3.2010
i)	Mukand Engineers Limited	197,806	197,806
	Including Goodwill of Rs.79,883 thousands.		
	Share of post acquisition accumulated Profits/Reserves	68,878	39,296
	Share of current Profit	23,548	29,582
		<u>290,232</u>	<u>266,684</u>
ii)	Stainless India Limited	136,759	136,759
	Including Goodwill of Rs.70,161 thousands.		
	Share of post acquisition accumulated Losses	(136,759)	(136,759)
	Share of current (Loss)	—	—
		<u>—</u>	<u>—</u>
iii)	Bombay Forgings Limited	1,929	1,929
	Share of post acquisition accumulated Profits	85,241	83,774
	Share of current Profit	503	1,467
	Less : Provision for diminution in value of investments	78,478	78,478
		<u>9,195</u>	<u>8,692</u>

	As at 31.3.2011	As at 31.3.2010
iv) Mukand Bekaert Wire Industries Pvt. Ltd.	130,000	130,000
Share of losses till the date of termination of Joint Venture i.e. 28.03.2011 / close of the year.	(114,801)	—
	<u>15,199</u>	<u>—</u>
v) Hospet Steels Ltd.	700	—
Share of post acquisition loss	700	—
	<u>—</u>	<u>—</u>

Note : Share of current profit in Associate Companies is after considering prior period items.

(h) Loan from other Companies to MGFL include Rs.122,500 thousands availed against pledge of shares belonging to Baroda Industries Private Limited, Shri Rajesh V. Shah, Shri Suketu V. Shah, Smt. Bansri Rajesh Shah, Smt. Neerja Shah and Smt. Jyoti Shah (Third Party Pledgors); (Previous Year Rs.120,000 thousands against pledge of shares belonging to Baroda Industries Private Limited, Shri Rajesh V. Shah, Shri Suketu V. Shah, Smt. Bansri Rajesh Shah, Smt. Neerja Shah, Smt. Czaee Suketu Shah and Smt. Jyoti Shah).

(i) MGFL has complied with the Prudential Norms relating to Income Recognition, Accounting Standards, Asset Classification and Provisioning for Bad and Doubtful Debts as required by the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. MGFL has also made provision on Standard Assets as on 31st March, 2011 as prescribed by Reserve Bank of India (RBI) in their Notifications No. DNBS. 222 CGM(US)2011 and No. DNBS. 223 CGM (US) 2011 both dated January 17, 2011. Various Returns required to be filed with RBI have been filed with RBI in time.

(j) Disclosure requirements by MGFL in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are attached to these consolidated financial statements as 'Annexure I'.

(k) Disclosure requirements by MGFL as per Reserve Bank of India Guidelines dated 1st August, 2008 as regards capital adequacy, liquidity and disclosure norms are attached to these consolidated financial statements as 'Annexure II'.

(l) MEL has, as at 31st March, 2011 loans aggregating Rs.119,675 thousands (Previous Year Rs.151,675 thousands) and interest recoverable aggregating Rs.56,590 thousands (Previous Year Rs.62,333 thousands) due from investment companies. The net worth of these companies has eroded. On the undertaking by these companies to pay the principal amount along with interest, (accrued upto 31st March, 2003) MEL had agreed to waive interest on these loans with effect from 1st April, 2003. As a matter of prudence, MEL had already stopped accounting for interest income on these loans with effect from 1st April, 2003. The management of MEL, based on its assessment of the estimated realisable values of the financial assets of these companies, believes that the MEL would still be able to recover the loans and interest as mentioned above.

(m) During the year, MEL has approved one time settlement with an investment company, referred to in Note No. 8 (l) above, to settle the total outstanding amount as on 30.12.2010. Accordingly, the investment company has paid an amount of Rs.7,071 thousands towards principal outstanding. The balance amount of Rs.7,071 thousands (Principal Rs.1,329 thousands and interest Rs.5,742 thousands) is written off by MEL during the year.

(n) As per the understanding reached by Mukand with Commerzbank AG as recorded in the Consent Terms filed in the Debt Recovery Tribunal, MEL during financial year FY2002-03 joined as a surety under the said Consent Decree to pay a sum of Rs.76,000 thousands in the manner specified in the Consent terms, whereby MEL became entitled to assignment of the entire outstanding debt of Rs.160,858 thousands due by Mukand to the Bank together with the security held by the Bank. MEL discharged its obligations under the said Consent Terms and the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

aforesaid debt has been assigned in its favour. The difference between the face value of debt assigned to MEL and the obligation discharged by it aggregating Rs.84,858 thousands was credited to the Profit and Loss Account as "Exceptional Income" during FY2002-03.

During the year 2009-10, MEL re-participated along with other secured creditors in restructuring of Mukand's debts to receive the payment of principal amount and interest only over a period of 9 years (earlier 12 years), on similar lines, as other secured creditors, who have accepted the Financial Restructuring Package (FRP) approved by the Corporate Debt Restructuring Cell for Mukand. As per the aforesaid FRP, interest for the period 1st April, 2002 to 30th September, 2004 was converted into a loan to be repaid till March 2013. The Principal amount will be repaid till March, 2015 as per the said FRP. MEL has ceded pari-passu charge on certain current assets and fixed assets of Mukand to the extent of Priority Debt raised by Mukand.

(o) As per the practice, MEL assigns certain specific jobs to sub-contractors at various sites. As per the terms, the sub-contractors are primarily responsible for payment of wages and all other employee benefits to its workmen engaged at the site. Whenever the sub-contractors had left the site and abandoned the contract without fulfilling their obligation to the workmen, MEL as a principal employer, had paid an amount of Rs.160,033 thousands in earlier years, to sub-contractors' workmen engaged and working on the site under MEL's supervision. As the sub-contractors have not settled their accounts for a long time, the balances appearing in provision for expenses account and in sub-contractors' account are reversed during the year by MEL.

(p) SIL's operations have been suspended w.e.f. 27.10.2008. However, the manufacturing facilities have been properly maintained and operations can be commenced at a very short notice. During the year, SIL did business in trading of steel products. Most of the staff and workers have left the employment. For past several years SIL's net worth has been fully eroded. In view of above, the accounts have been prepared under going concern assumption.

(q) SIL's Plant was not in operation during the whole year 2010-11. Depreciation on Plant & Machinery has been charged on single shift basis considering the normal wear and tear of plant with the passing of time.

(r) The management of VCL plans to, and is hopeful of, reviving in the foreseeable future, economically viable non-industrial commercial activity. The accounts of VCL have been drawn up based on the going concern assumption based on the VCL management's perception of the future of VCL.

8 A Disclosures under Accounting Standard 15 on Employee Benefits

(i) Details in respect of gratuity (including share in associates) are as under :

	2010-11 Rs. '000	2009-10 Rs. '000
Liability to be recognised in Balance Sheet		
Present Value of Funded Obligations	306,501	254,391
Fair Value of Plan Assets	114,226	70,727
Net Liability	192,275	183,664
Change in Plan Assets (Reconciliation of opening & Closing Balances)		
Fair Value of Plan Assets as at beginning of the year	70,726	49,584
Expected Return on Plan Assets	7,250	5,011
Actuarial (Gain) / Losses	98	58
Contributions	58,065	35,973
Benefits Paid	(21,984)	(19,842)
Fair Value of Plan Assets as at the close of the year	114,155	70,726

	2010-11 Rs. '000	2009-10 Rs. '000
Reconciliation of Opening and Closing Balances of obligation		
Change in defined Benefit Obligation		
Obligation as at beginning of the year	254,391	221,042
Current Service Cost	16,165	13,909
Interest Cost	20,247	16,445
Actuarial Losses / (Gain)	37,684	24,331
Benefits Paid	(21,984)	(19,842)
Obligation as at the close of the year	306,503	254,391
Expenditure to be recognised during the year		
Current Service cost	16,165	13,909
Interest Cost	20,247	16,445
Expected Return on Plan Assets	(7,250)	(5,011)
Net Actuarial Losses / (Gains)		
Recognised during the year	37,684	24,331
Total Expenditure included in "Employees' Emoluments"	66,845	48,288
Assumptions		
Discount Rate (per annum) %	7.75 to 8.00	7.75 to 8.00
Expected rate of Return on Assets (per annum) %	8.00 to 9.40	8.00 to 9.40
Salary Escalation Rate %	5.00 to 6.00	5.00 to 6.00

(ii) Mukand expects to contribute Rs.12,364 thousands to its gratuity plan for the next year. In assessing the Mukand's post retirement liabilities, Mukand monitors mortality assumptions and uses up-to-date mortality tables, the base being the LIC, 1994-96 ultimate tables.

(iii) Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market.

(iv) The composition of the plan assets, by category from the insurers, LIC are on the basis of overall investment by them for all such insured entities and hence, the disclosures as required by Accounting Standard 15 in 'Employee Benefits' have not been given, and Auditors have relied upon the same.

(v) Other disclosures for Mukand: Rs.'000

Particulars	2010-11	2009-10	2008-09	2007-08
Present Value of Funded Obligations.	293,865	245,346	212,380	202,380
Fair Value of Plan Assets.	104,253	62,347	42,891	57,003
Net Liability.	189,612	182,998	169,489	145,377
Experience Adjustments on Plan Liabilities				
Loss / (Gain)	35,057	23,473	2,163	9,565
Experience on Plan Assets-Loss / (Gain)	--	--	(702)	--

Note : Since Mukand has started providing for gratuity liability as per AS-15 (revised) from FY 2007-08, figures in the above table are given only for four years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- (vi) In respect of certain employees of Road Construction Division of Mukand, liability for gratuity is provided at actuals on the basis of amount due as at 31st March, 2011. Similarly, In respect of employees of Bombay Forgings Limited and Stainless India Limited, liability for gratuity is provided at actuals on the basis of amount due as at 31st March, 2011.
- (vii) An amount of Rs.38,963 thousands as contribution towards defined contribution plans including Rs. 5,844 thousands in terms of strategic alliance is recognised as expense in the Profit and Loss Account.

9. (a) Contingent Liabilities not provided for :

	31.3.2011 Rs. '000	31.3.2010 Rs. '000
i) Disputed matters in appeal/contested in respect of:		
- Income Tax *	395,445	389,223
- Excise Duty, Customs Duty etc.	27,561	27,231
- Sales Tax, Works Contract Tax etc. **	28,321	141,189
- Other matters	2,416	5,934
* Included in this amount (not provided in the Accounts) is the liability under Sec 115JB of the Income Tax Act, 1961 for Assessment Year 2005-06 as Mukand's appeal is pending disposal. Mukand places reliance on certain judicial pronouncements and has also obtained a legal opinion on the matter.		
** In the matter of certain ex-parte assessments completed by Commercial Tax Officer in the State of Uttar Pradesh, Mukand is advised that liability if any, that may arise will be determined after the matter is remanded to the Assessing Officer and on completion of reassessment proceedings and therefore, the same is not included herein.		
ii) Claims against the Company not acknowledged as debts	176,132	168,383
iii) Bills discounted with the Bankers and others		
Sale Bills discounted	172,699	132,170
iv) Guarantees and Counter guarantees given on behalf of :-		
- Associates	—	—
- Others	189,576	517,539
v) Bonds / Undertakings given by Mukand under concessional duty/exemption to Customs / Excise Authorities (Net of redemption applied for)	6,569	6,569
vi) Bonds given by Mukand against import of machinery under EPCG Scheme	193,702	256,004
vii) Share in the contingent liabilities of Associates	22,344	37,171
viii) Share in the contingent liabilities of Joint Ventures	-	1,157
ix) The Lenders of Mukand have a right to recompense upto 12% per annum in excess of the effective IRR charged in Financial Restructuring Package for 8 years commencing from the date of approval.		
x) Mukand has implemented the award given by the Industrial Tribunal in the matter relating to emoluments to staff and officers. The said award is under challenge in the High Court of Bombay by way of a Writ Petition, and is pending disposal.		

Demand for Annual Bonus for the financial years 1995-96 to 2006-07 by Staff and Officers' Association of Mukand is pending at different stages in proceedings under The Industrial Disputes Act, 1947. Bulk of these employees are statutorily not covered by The Payment of Bonus Act, 1965 and many of the employees are also not covered by The Industrial Disputes Act, 1947. Liability arising there from cannot therefore, be determined at present.

- xi) Government of Maharashtra has served a Demand Notice on Mukand for payment of electricity duty for power generated during the period 01.04.2000 to 30.04.2005 and penal interest thereon in Mukand's Captive Power Plant amounting to Rs.142,744 thousands. The Writ Petition filed by Mukand is disposed by the Hon'ble Bombay High Court on 7th November, 2009 quashing the said Demand Notice. Government of Maharashtra, has however, filed an Appeal in the Supreme Court of India against the aforesaid judgment of High Court.

- xii) Under provisions of an Order dt. 16th August, 2006 issued by the Maharashtra Electricity Regulatory Commission (MERC), it is mandatory for Mukand's grid synchronised captive power plant to use a minimum of 4% renewable energy like wind power, co-generation etc. in its total consumption of energy generated from its own captive power plant with effect from FY 2007-08. Similarly, for FY 2008-09, the said percentage is 5% and for FY2009-10 it is 6%. In response to several petitions, MERC has permitted compliance of this requirement on a cumulative basis for three years viz., FY 2007-08 to FY 2009-10. Accordingly, Mukand has already purchased 6,487,016 Kwh and given in the grid of Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) which holds/held these units to the credit of Mukand's account. The balance of units are not required to be purchased in view of MERC's Order dated 7th August 2009.

- (b) There have been delays in payment of tax deducted at source by Mukand in earlier years and also in FY2010-11. Interest payable on delays has been accounted for in respect of cases where appropriate orders have been received from Income Tax authorities.

10. A claim towards difference in price of calibrated iron ore for the period 1st April, 2006 to 28th February, 2007 amounting to Rs.330,678 thousands has been raised by a supplier on Mukand in March 2007. Mukand has been legally advised that the supplier cannot seek this price revision under a concluded agreement and hence no provision is made in the Accounts for the same. The issue along with method of review and re-fixing of price of calibrated iron ore effective on 1st of April each year in terms of agreement is referred to an arbitral tribunal, whose award is awaited. Moreover, the said supplier has also unilaterally increased the price of iron ore w.e.f. 1st April, 2007 and thereafter w.e.f 1st April every year. This issue too is to be settled by the aforesaid arbitral tribunal. However, pending such determination of final price, the supplier has raised invoices at an ad-hoc interim mutually agreed price on the marketing contractor who in turn has billed Mukand at the same price and which liability, has been fully accounted for.

	31.3.2011 Rs. '000	31.3.2010 Rs. '000
11. (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for	350,757	176,132
(b) As Lessee: Future Rental obligations in respect of premises taken on lease by Mukand – Operating Lease.		
	As at 31.03.2011 Rs.'000	As at 31.03.2010 Rs.'000
1 For a period not later than one year.	24,826	5,917
2 For a period later than one year and not later than five years.	31,816	4,070
3 For a period later than five years.	537	-
Total	57,179	9,987

Lease rental charged to revenue for the current year Rs.29,085 thousands (Previous Year Rs.23,146 thousands)

These premises comprise residential flats, office premises and warehouses. The Agreements for lease are executed for tenure of 11 to 72 months with a provision for renewal and termination by other party giving a prior notice of 1 to 3 months.

- (c) As Lessor: Future Rental income in respect of premises given on lease by Mukand – Operating Lease.

		As at 31.03.2011 Rs.'000	As at 31.03.2010 Rs.'000
1	For a period not later than one year.	5,898	8,328
2	For a period later than one year and not later than five years.	366	5,298
3	For a period later than five years.	—	—
	Total	6,264	13,626

These premises comprise office premises and a residential flat given on lease for tenure of two years with a provision for renewal in case of office premises.

Gross carrying amount of assets: Rs.23,973 thousands.

Accumulated depreciation upto 31.03.2011: Rs.6,156 thousands.

Depreciation for the year: Rs.388 thousands.

12. a) Disclosure regarding Income from Engineering Contracts of Mukand – Road Construction Division:

	FY 2010-11 Rs.'000	FY 2009-10 Rs.'000
(i) The amount of Contract revenue recognised as revenue during the year.	146,214	285,394
(ii) The aggregate amount of costs incurred and recognised profits (less recognised losses) upto close of the year	7,619,941	7,537,814
(iii) The amount of advances received (Gross)	—	—
(iv) The amount of retentions (included in sundry debtors) (net balance)	—	—
(v) Amount due to customers	—	—
(vi) Amount due from customers	399,680	426,865

- b) The management has, keeping in view the accounting policy adopted by Mukand technically determined the realisable value of Contracts in Progress (including incidental income by way of disposal of plant and equipment at the end of the contract) compared to relatable revenues and claims raised by Mukand in respect of its Road Construction Contracts. Although the outcome of the Road Construction activity cannot be estimated with reliability at present, it is the opinion of the management that in view of the substantially large claims by Mukand aggregating Rs.1,147,274 thousands (Previous Year Rs.1,191,933 thousands) for incremental jobs executed, escalations and time over-runs, losses currently expected are already recognized till the close of the year. Since realization of these claims is a judgmental matter, on which auditors are not able to make an informed judgment, the auditors have placed reliance on the Management's judgment of losses currently expected, realisability of claims which is expected to be settled by 31st March, 2012 and further losses if any, would be entirely recognized and fully expensed by that date.

- c) Disclosure regarding Income from Contracts of Industrial Machinery Division of Mukand to which Accounting Standard 7 applies :

	Rs.'000
(i) The amount of Contract revenue recognised as revenue during the year.	2,756,984
(ii) The aggregate amount of costs incurred and recognised profits (less recognised losses) upto 31.03.2011.	7,351,515
(iii) The amount of advances received (Gross)	554,978
(iv) The amount of retentions (included in sundry debtors) (net balance)	572,638
(v) Amount due to customers	-
(vi) Amount due from customers	1,419,214

- d) For the year under consideration, Mukand has followed Accounting Standard 7 – "Construction Contracts" and has given accounting treatment of revenue and costs associated with such contracts for the

contracts of Industrial Machinery Division in place of Accounting Standard 9 – "Revenue Recognition". The effect of this change is that the revenue is higher by Rs.222,708 thousands.

13. Debtors include Rs.29,403 thousands recoverable by Mukand from Ispat Group of Companies. Mukand had entered into an agreement dated 31st March, 1998 to sell 500,000 Equity shares of Rs.10/- each of Kalyani Mukand Ltd., for an aggregate consideration of Rs.69,375 thousands. Under the terms of the said agreement, the sale of shares was based on certain conditions to be complied with subsequent to sale, and which conditions have been fulfilled.

Since the sale and transfer of the shares were considered to be legally complete upon execution of the Agreement of Sale of shares, Mukand had taken credit for the consideration aggregating Rs.69,375 thousands, during the Accounting Year 1997-98. Mukand has, upto the close of the Accounting Year 2010-11, received amounts aggregating Rs.39,972 thousands against the aggregate consideration of Rs.69,375 thousands and management considers the balance amount to be good and recoverable in due course, and this has been relied upon by the Auditors.

14. Mukand had, during the Financial Year 1998-99, entered into a strategic alliance with Kalyani Steels Limited to set-up a steel plant to be operated by a Company – Hospet Steels Limited.

Expenses and liabilities arising out of this alliance to Hospet Steels Limited are shared on the basis stipulated in the relevant Agreements, and its accounting in the books of Mukand is carried out, accordingly.

Wherever, due to the terms of the alliance, estimations are required to be made in respect of expenses, liabilities, production, etc., the same have been relied upon by the auditors, being technical matters.

15. Effect and Progress of Restructuring Package

In terms of the Financial Restructuring Package (FRP) for Mukand approved by the Corporate Debt Restructuring Cell in July 2003 and April 2009, the terms of security, redemption and conversion have been rescheduled. A separate disclosure is made hereunder to explain the same, as also the progress made so far :

- Promoters / Associates of Mukand have pledged 11,426,514 equity shares in Mukand and 546,652 cumulative redeemable preference shares out of their share-holding in Mukand.
- Pledge of Promoters' holding of shares of Bajaj Auto Limited to the tune of Rs.170,181 thousands.
- Mukand shall ensure balance realization of non-core assets and investments aggregating Rs.1,161,220 thousands (net of amounts realized till 31.03.2011) over a specified time schedule ending on 30th September, 2012. After close of the year Mukand has realized Rs.130,000 thousands till date.
- The principal term debt would be repaid in 144 monthly installments commencing from April 2006 and ending in March, 2018 with a pre-determined ballooning schedule. During April 2009 CDR Cell approved deferment of principal amount due for payment aggregating Rs.1,190 million during the period of 18 months commencing from 1st April, 2009 and ending on 30th September, 2010. The total loan amount is now rescheduled to be paid during FY2010-11 to FY2014-15 in place of the earlier schedule of payments by FY2017-18 without any increase in the rate of interest. Mukand has improved its operations as well as the resultant cash flows. Based on an assessment of its financial commitments and the estimated cash flows, the management is confident of meeting all its financial commitments in the foreseeable future.
- Interest / lease rentals payable on all the principal term debt for the period from 1st April, 2002 to 30th September, 2004 have been converted into Future Funded Interest Term Loan (FFITL) and would be repaid in 96 installments commencing from April 2005 and ending in March, 2013 with a ballooning schedule. Installments due during the year have been paid.
- Lenders shall have a right of recompense upto 12% per annum in excess of the effective IRR charge in FRP for 8 years, commencing from the date of approval.
- In the event of default, as defined in the restructuring package, the lenders have the right to cancel, suspend, reduce or modify all or any of the relief and concessions or vary the terms and conditions thereof.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

16. Segment Information for the year ended 31st March, 2011

A. Business Segment:					Rs. '000
Particulars	Steel	Industrial Machinery	Others	Eliminations	Total
Segment Revenue:					
External Revenue	24,772,624	2,849,821	233,596	—	27,856,041
Inter-Segment Revenue	—	35,652	31,251	(66,903)	—
Total Revenue	24,772,624	2,885,473	264,847	(66,903)	27,856,041
Less : Excise Duty					2,413,148
Net Revenue					25,442,893
Segment Results before interest and tax :	1,296,281	799,676	(85,403)	—	2,010,554
Inter-Segment Margin	—	2,572	6,506	(9,078)	—
Total Segment Results before interest and tax :	1,296,281	802,248	(78,897)	(9,078)	2,010,554
Add : Unallocated Income (net of Expenses)					48,307
Add : Share of Profit in Associates					23,351
Less : Finance and Lease Charges					(1,659,867)
Less : Tax Expenses (net)					(147,227)
Less : Short Provision for tax					(3,214)
Net Profit					271,904
Other Information					
Segment Assets	37,105,414	5,256,688	3,486,239	(20,546)	45,827,795
Un-allocated Assets					3,073,888
Total Assets					48,901,683
Segment Liabilities	6,166,283	1,323,207	1,811,430	(164,534)	9,136,386
Un-allocated Liabilities (Including Loan Funds)					18,241,639
Total Liabilities					27,378,025
Capital Expenditure					
Segment Capital Expenditure	269,300	16,945	104,776	—	391,021
Un-allocated Capital Expenditure					7,511
Total Capital Expenditure					398,532
Depreciation & Amortisation					
Segment Depreciation & Amortisation	634,236	20,241	32,047	—	686,524
Un-allocated Depreciation & Amortisation					6,008
Total Depreciation & Amortisation					692,532
Significant Non-Cash Expenditure					
Segment Non-Cash Expenditure	980	2,361	1,224	—	4,565
Un-allocated Non-Cash Expenditure					431,448
Total Significant Non-Cash Expenditure					436,013

Notes :

1. Finance and Lease Charges excludes interest charged to Segment Results (net of eliminations) Rs.87,049 thousand.
2. Segment Result is after adjusting prior period items.
3. Share of Profit in Associates is after considering prior period items.

B. Geographical Segment:

Particulars	India	Rest of the World	Total
Segment Revenue	26,386,372	1,469,669	27,856,041
Carrying cost of Segment Assets	45,632,364	195,431	45,827,795
Additions to Fixed Assets & Intangible Assets	391,021	—	391,021

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

A. Business Segment:					Rs. '000
Particulars	Steel	Industrial Machinery	Others	Eliminations	Total
Segment Revenue:					
External Revenue	18,193,472	3,176,629	371,541	—	21,741,642
Inter-Segment Revenue	—	18,103	162	(18,265)	—
Total Revenue	18,193,472	3,194,732	371,703	(18,265)	21,741,642
Less : Excise Duty					1,599,343
Net Revenue					20,142,299
Segment Results before interest and tax :	1,620,195	735,371	(236,123)	—	2,119,443
Inter-Segment Margin	—	330	6,626	(6,956)	—
Total Segment Results before interest and tax :	1,620,195	735,701	(229,497)	(6,956)	2,119,443
Less : Unallocated Expenses (net of Income)					(35,641)
Add : Share of Profit in Associates					31,049
Less : Finance and Lease Charges					(1,523,143)
Less : Tax Expenses (net)					(4,169)
Add : Excess Provision for tax					1,174
Net Profit					588,713
Other Information					
Segment Assets	32,359,832	4,574,735	3,671,508	(14,292)	40,591,783
Un-allocated Assets					3,225,830
Total Assets					43,817,613
Segment Liabilities	4,726,035	1,535,452	2,068,517	(170,529)	8,159,475
Un-allocated Liabilities (Including loan funds)					17,792,612
Total Liabilities					25,952,087
Capital Expenditure					
Segment Capital Expenditure	458,338	12,096	133,653	—	604,087
Un-allocated Capital Expenditure					645
Total Capital Expenditure					604,732
Depreciation & Amortisation					
Segment Depreciation & Amortisation	583,229	19,175	34,867	—	637,271
Un-allocated Depreciation & Amortisation					6,007
Total Depreciation & Amortisation					643,278
Significant Non-Cash Expenditure					
Segment Non-Cash Expenditure	4,973	20,248	26,287	—	51,508
Un-allocated Non-Cash Expenditure					6,039
Total Significant Non-Cash Expenditure					57,547

Notes :

1. Finance and Lease Charges excludes interest charged to Segment Results (net of eliminations) Rs.97,151 thousand.
2. Segment Result is after adjusting prior period items.
3. Share of Profit in Associates is after considering prior period items.

B. Geographical Segment:

Particulars	India	Rest of the World	Total
Segment Revenue	20,757,545	984,097	21,741,642
Carrying cost of Segment Assets	40,413,890	177,893	40,591,783
Additions to Fixed Assets & Intangible Assets	603,925	162	604,087

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

16. Segment Information (Contd.)

(C) Other Disclosures :

1. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organizational structure as well as the differential risk and returns of these segments.
2. Business segment has been disclosed as primary segment.
3. Types of products and services in each business segment:
 - i) Steel – billets, blooms, rounds, wire rods, bars, rods and sections, bright bars and wires of special & alloy steel and stainless steel.
 - ii) Industrial Machinery - EOT and other cranes, steel structurals, material handling equipment, processing plant and equipment, etc.
 - iii) Others -- Comprise Segments of road construction, property development, income from operations of Non-banking Financial Activities.

The segments as reported above include trading activity of the respective segments.
4. Inter segment revenues are recognized at cost.
5. The Segment Information include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

17. Prior period adjustments' represents:

	2010-11 Rs. '000	2009-10 Rs. '000
(i) Debit relating to earlier years	—	1,049
(ii) Credit relating to earlier years	—	(408)
(iii) Depreciation adjustments (Net)	70	(20)
(iv) Share in Associates / Joint Venture	8,186	7,031
Total	8,256	7,652

18. Related Party Disclosures:

(a) Relationship :

- (i) Related parties where control exists :
Mukand Engineers Ltd. (MEL), Bombay Forgings Ltd. (BFL), Stainless India Ltd. (SIL), Hospet Steels Ltd. (HSL),
- (ii) Joint Ventures :
Mukand Vini Mineral Ltd. (MVML), Mukand Bekaert Wire Industries Pvt. Ltd. (upto 28.03.2011).
- (iii) Key Management Personnel :
Niraj Bajaj, Rajesh V. Shah, Suketu V. Shah.
- (iv) Relatives of key management personnel and enterprises in which significant influence can be exercised by persons at (iii) above or their relatives where transactions have taken place :
Viren J. Shah
- (v) Other related parties where significant influence exists or where the related party has significant influence on the Company :
Kalyani Mukand Ltd., Lineage Investments Ltd., Catalyst Finance Ltd., Econium Investments & Finance Ltd., Fusion Investments & Financial Services Ltd., Primus Investments & Finance Ltd., Conquest Investments & Finance Ltd., Jamnalal & Sons Pvt. Ltd. (JSPL).

Note : Related party relationship is as identified by Mukand and relied upon by the Auditors.

(b) Details of transactions with the related parties referred in (a) above:

Rs.'000				
Nature of transactions	Related parties as referred in			
	a (i) above	a (ii) above	a (iii)& (iv) above	a (v) above
1. Purchases :				
• Raw-material :				78,892 (42,322)
Bombay Forgings Ltd.	57,325 (38,957)			
Mukand Bekaert Wire Industries Pvt. Ltd.		21,567 (2,014)		
Stainless India Ltd.	-- (1,351)			
• Stores :				6,547 (1,542)
Stainless India Ltd.	6,547 (1,542)			
• Fixed Assets				46,930 (1,166)
Mukand Engineers Ltd.	110 (--)			
Stainless India Ltd.	46,820 (1,166)			
2. Sales :				
• Semi-finished / finished goods:				733,897 (278,378)
Bombay Forgings Ltd.	100,555 (114,560)			
Stainless India Ltd.	3,804 (3,733)			
Mukand Bekaert Wire Industries Pvt. Ltd.		629,538 (160,085)		
• Fixed Assets :				2,646 (243)
Mukand Engineers Ltd.	2,646 (243)			
3. Expenditure :				
• Rent :				1,800 (690)
Stainless India Ltd.	1,800 (690)			
• Interest paid :				18,170 (29,438)
Mukand Engineers Ltd.	14,980 (17,359)			
Bombay Forgings Ltd.	183 (708)			
Jamnalal & Sons Pvt. Ltd.			3,007 (11,371)	
• Sub-contracting expenses :				41,945 (42,077)
Mukand Engineers Ltd.	41,945 (42,077)			
• Service charges :				178,470 (114,430)
Mukand Engineers Ltd.	178,470 (114,430)			
• Share of expenses under an alliance :				263,858 (178,711)
Hospet Steels Ltd.	261,654 (177,367)			
Kalyani Mukand Ltd.			2,204 (1,344)	
• Remuneration :				20,491 (18,502)
Niraj Bajaj			5,440 (5,215)	
Rajesh V. Shah			5,438 (5,440)	
Suketu V. Shah			5,289 (4,989)	
Viren J. Shah			4,324 (2,858)	
• EDP Data Processing Services:				45,000 (45,000)
Mukand Engineers Ltd.	45,000 (45,000)			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Rs.'000						Rs.'000					
Nature of transactions	Related parties as referred in				Total	Nature of transactions	Related parties as referred in				Total
	a (i) above	a (ii) above	a (iii) above	a (iv) above			a (i) above	a (ii) above	a (iii) above	a (iv) above	
• Conversion charges :					-- (84)	6. Other receipts :					
Stainless India Ltd.	-- (84)					• Reimbursement of expenses :					7,407 (4,692)
• Advances written off / provided :					340,000 (--)	Mukand Engineers Ltd.	4,156 (3,225)				
Stainless India Ltd.	340,000 (--)					Bombay Forgings Ltd.	22 (9)				
• Bad debts written off :					90,126 (--)	Stainless India Ltd.	-- (56)				
Bombay Forgings Ltd.	90,126 (--)					Lineage Investments Ltd.				615 (--)	
• NPA Provided :					-- (25,000)	Econium Investments & Finance Ltd.				205 (--)	
Stainless India Ltd.	-- (25,000)					Fusion Investments & Financial Services Ltd.				1,025 (--)	
• Interest receivable written off:					1,260 (--)	Primus Investments & Finance Ltd.				205 (--)	
Lineage Investments Ltd.				476 (--)		Mukand Vini Mineral Ltd.		1,179 (1,125)			
Fusion Investments & Financial Services Ltd.				784 (--)		Mukand Bekaert Wire Industries Pvt. Ltd.		-- (277)			
4. Income :					780 (792)	7. Investments, Finance & Advances:					200,320 (464,678)
• Rent :						• Loans / advances repaid by loanees					
Mukand Engineers Ltd.	780 (780)					Stainless India Ltd.	60,850 (6,250)				
Stainless India Ltd.	-- (12)					Catalyst Finance Ltd.				36,560 (125,043)	
• Interest received :					65,601 (73,563)	Conquest Investment & Finance Ltd.				17,700 (178,865)	
Stainless India Ltd.	480 (311)					Lineage Investments Ltd.				-- (30,770)	
Catalyst Finance Ltd.				4,255 (7,206)		Econium Investments & Finance Ltd.				33,000 (45,525)	
Conquest Investment & Finance Ltd.				9,081 (9,527)		Fusion Investments & Financial Services Ltd.				50,700 (36,325)	
Econium Investment & Finance Ltd.				9,387 (10,887)		Primus Investments & Finance Ltd.				1,510 (41,500)	
Fusion Investment & Finance Ltd.				11,810 (14,457)		Mukand Engineers Ltd.	-- (400)				1,400 (567,554)
Lineage Investment Ltd.				19,315 (19,642)		Mukand Vini Mineral Ltd.		1,400 (--)			
Primus Investment & Finance Ltd.				11,247 (11,515)		Stainless India Ltd.	-- (42,804)				
Mukand Vini Mineral Ltd.				26 (--)		Catalyst Finance Ltd.				-- (16,495)	
Mukand Engineers Ltd.	-- (18)					Conquest Investment & Finance Ltd.				-- (153,110)	
• Service charges :					300 (300)	Lineage Investments Ltd.				-- (129,355)	
Mukand Engineers Ltd.	300 (300)					Econium Investments & Finance Ltd.				-- (10,995)	
• Other Miscellaneous :					29,930 (463)	Fusion Investments & Financial Services Ltd.				-- (205,250)	
Kalyani Mukand Ltd.				29,416 (--)		Primus Investments & Finance Ltd.				-- (9,545)	
Mukand Engineers Ltd.	457 (463)					• Loans repaid (incl. interest):					138,124 (572,648)
Stainless India Ltd.	57 (--)					Mukand Engineers Ltd.	9,424 (9,534)				
• Provision for NPA written back :					30,425 (--)	Jamnalal & Sons Pvt. Ltd.				122,500 (556,864)	
Stainless India Ltd.	30,425 (--)					Bombay Forgings Ltd.	6,200 (6,250)				
5. Other payments :					2 (22)	• Loans taken :					128,700 (320,550)
• Reimbursement of expenses :						Jamnalal & Sons Pvt. Ltd.				122,500 (315,550)	
Stainless India Ltd.	2 (--)					Bombay Forgings Ltd.	6,200 (5,000)				
Mukand Engineers Ltd.	-- (18)					• Purchase of shares :					-- (12,364)
Conquest Investment & Finance Ltd.				-- (4)		Mukand Vini Mineral Ltd.		-- (1,064)			
						Mukand Bekaert Wire Industries Pvt. Ltd.		-- (11,300)			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Nature of transactions	Related parties as referred in				Rs.'000
	a (i) above	a (ii) above	a (iii) above	a (iv) above	Total
• Application money for shares:					2,441 (644)
Mukand Vini Mineral Ltd.		2,441 (644)			
8. Outstanding balances at the close of the year :					
• As Debtors					734,982 (832,948)
Bombay Forgings Ltd.	669,774 (803,336)				
Stainless India Ltd.	8,452 (8,452)				
Kalyani Mukand Ltd.				29,416 (--)	
Mukand Bekaert Wire Industries Pvt. Ltd.		27,307 (21,100)			
Mukand Engineers Ltd.	33 (60)				
• As Creditors :					180,474 (37,819)
Mukand Engineers Ltd.	157,325 (21,073)				
Hospet Steels Ltd.	23,149 (16,100)				
Bombay Forgings Ltd.	-- (646)				
• Loans & Advances receivables (including int.)					1,977,448# (2,478,718)##
Stainless India Ltd.	666,822# (1,037,640)##				
Catalyst Finance Ltd.				82,120 (119,319)	
Conquest Investment & Finance Ltd.				161,389 (179,446)	
Lineage Investments Ltd.				382,838 (380,449)	
Econium Investments & Finance Ltd.				139,509 (173,095)	
Fusion Investments & Financial Services Ltd.				387,289 (438,718)	
Primus Investments & Finance Ltd.				149,773 (149,616)	
Mukand Vini Mineral Ltd.		1,426 (--)			
Mukand Engineers Ltd.	6,282 (435)				
• Guarantees given by Mukand					49,000 (49,000)
Mukand Vini Mineral Ltd.		49,000 (49,000)			
• Counter Guarantees given on behalf of Mukand					60,000 (60,000)
Mukand Engineers Ltd.	60,000 (60,000)				
Collateral given on behalf of Mukand			*	**	

Net of provision for doubtful advance – 182,075

Net of provision for doubtful advance – 262,500

Figures in bracket relate to previous year.

* 3,869,089 Equity Shares and 546,652 Cumulative Redeemable Preference Shares of the Company.

** 3,869,089 Equity Shares of the Company.

19. Computation of Profit/(Loss) for Earnings per Share:

	2010-11 Rs.'000	2009-10 Rs.'000
Net Profit after taxation as per Profit & Loss Account	271,904	588,713
Less : Dividend and tax thereon	7	7
Net Profit for calculation of basic/ diluted EPS.	271,897	588,706
Weighted average number of equity shares outstanding	73,114,129	73,114,129
Basic and diluted EPS (Face Value Rs.10 per share)	3.72	8.05

20. Deferred Taxation:

a) Mukand

Components of Deferred tax (assets)/liabilities are as under:

	As at 31.3.2010 Rs'000	Charge / (Credit) for the year 2010-11 Rs.'000	As at 31.3.2011 Rs'000
Deferred Tax			
Deferred Tax liability on account of:			
a) Depreciation	1,246,954	43,362	1,203,592
b) Others	155,832	24,738	131,094
	1,402,786	68,100	1,334,686
Deferred Tax Asset on account of:			
a) Employee benefits, etc	86,465	(13,870)	100,335
b) Taxes, Duties, Cess, Interest to Banks/FIs', etc	315,770	46,387	269,383
c) Provision for doubtful debts	211,979	210,700	1,279
d) Unabsorbed Depreciation/ Business Loss, etc	792,426	(18,291)	810,717
e) Others	20,910	14,466	6,444
	1,427,550	239,392	1,188,158
Net Deferred Tax (Asset)/Liability	\$ (24,764)	171,292	146,528

\$ Deferred tax asset aggregating to Rs. 24,764 thousands was not recognised, considering the principle of virtual certainty as stated in the Accounting Standard AS-22 - Accounting for taxes on Income.

b) MGFL

Particulars	As at 31.3.2010	Charge/ (Credit) for the year 2010-11	Rs.'000 As at 31.3.2011
Deferred Tax Assets on account of :			
Depreciation	--	--	--
Provision for Employee Benefits	159	49	110
	159	49	110
Deferred Tax Liability on account of :			
Depreciation	92	(40)	52
Net Deferred Tax Asset	67	9	58

c) MIL

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

d) VCL

Deferred tax asset aggregating Rs.170,145 thousands (Previous Year Rs.184,143 thousands) arising on account of brought forward losses and unabsorbed depreciation has not been recognised, considering the principle of virtual certainty as stated in the Accounting Standard AS-22 - Accounting for taxes on income as the future realization from property development cannot be ascertained at present.

21. The Accounts of previous year were audited by another Auditor and opening balances are as per such accounts.

22. Figures less than Rs.500/- have, wherever necessary, been shown at actuals in brackets since all the figures have been rounded off to the nearest thousand.

23. Previous year's figures have been regrouped/recast wherever necessary.

As per our attached report of even date			
For Haribhakti & Co.	Niraj Bajaj	Rajesh V Shah	Suketu V Shah
Chartered Accountants	Chairman & Managing Director	Co-Chairman & Managing Director	Joint Managing Director

Sarah George
Partner
Mumbai : May 27, 2011

K J Malliya
Company Secretary
Mumbai, May 27, 2011

MGFL

Annexure - I

Schedule to the Balance Sheet of a non-deposit taking non-banking financial company [as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]

Particulars	(Amount in Rs.'000)	
Liabilities side :	Amount outstanding	Amount overdue
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	Nil	Nil
: Unsecured	Nil	Nil
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Inter-corporate loans and borrowing	803,123	164,978
(e) Commercial Paper	Nil	Nil
(f) Other Loans (specify nature)		
(1) Loan from a Company against Hypothecation of Assets	Nil	Nil
(2) Overdraft from Bank against pledge of security	Nil	Nil
(3) Loan from Banks	Nil	Nil
* Please see Note 1 below		
Assets side :	Amount outstanding	
(2) Break-up of Loans and Advances including bills receivable [other than those included in (4) below] :		
(a) Secured (Net of Provision)		32,075
(b) Unsecured (includes loans to employees)		883,824
(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	Nil	
(b) Operating lease	Nil	
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	Nil	
(b) Repossessed Assets	Nil	
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	Nil	
(b) Loans other than (a) above	Nil	
(4) Break-up of Investments :		
Current Investments :		
1. Quoted :		
(i) Shares : (a) Equity	Nil	
(b) Preference	Nil	
(ii) Debentures and Bonds	Nil	
(iii) Units of mutual funds	Nil	
(iv) Government Securities	Nil	
(v) Other (please specify)	Nil	
2. Unquoted :		
(i) Shares : (a) Equity	Nil	
(b) Preference	Nil	
(ii) Debentures and Bonds	Nil	
(iii) Units of mutual funds	Nil	
(iv) Government Securities	Nil	
(v) Others (please specify)	Nil	
Long Term Investments :		
1. Quoted :		
(i) Shares : (a) Equity	687	
(b) Preference	Nil	
(ii) Debentures and Bonds	Nil	
(iii) Units of mutual funds	Nil	
(iv) Government Securities	Nil	
(v) Others (please specify)	Nil	
2. Unquoted (Net of Provision):		
(i) Shares : (a) Equity	34	
(b) Preference	197,760	
(ii) Debentures and Bonds	Nil	
(iii) Units of mutual funds	Nil	
(iv) Government Securities	Nil	
(v) Others (please specify)	Nil	

(5) Borrower group-wise classification of assets financed in (2) and (3) above :

Please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) subsidiaries	-NA-	-NA-	-NA-
(b) Companies in the same group	32,075	21,000	53,075
(c) Other related parties	Nil	753,545	753,545
2. Other than related parties	Nil	109,279	109,279
Total	32,075	883,824	915,899

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :
Please see Note 3 below

Category	Market value/Break up or fair value or NAV	Book value (net of Provisions)
1. Related Parties **		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group #	1	1
(c) Other related parties #	197,760	197,760
2. Other than Related Parties #	2,654	720
Total	200,415	198,481

Investments in preference shares and unquoted equity shares are shown at cost (net of provision).

** As per Accounting Standard (Please see Note 3)

(7) Other Information :

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	64,150
(b) Other than related parties	Nil
(ii) Net Non-Performing Assets	
(a) Related parties	32,075
(b) Other than related parties	Nil
(iii) Assets acquired in satisfaction of debt	Nil

Notes :

- As defined in paragraph 2(i) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/ fair value / NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

Annexure - II

Capital to Risk- Assets Ratio (CRAR)

Items	Current Year	Previous Year
i) CRAR %	17.26%	11.80%
ii) CRAR - Tier I Capital (%)	17.01%	11.80%
iii) CRAR - Tier II Capital (%)	0.24%	0.00%

Exposures	Current Year	Previous Year
Exposure to Real Estate Sector	Nil	Nil

Asset Liability Management

Maturity pattern of certain items of assets and liabilities as on 31st March, 2011

(Amount in Rs.'000)

Particulars	1 day to 30/31 Days (One Month)	Over One Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Total
Liabilities								
Borrowings from banks	-	-	-	-	-	-	-	-
Market Borrowings	-	-	-	122,500	509,700	-	-	632,200
Assets								
Loans & Advances (Net of Provision)	-	-	-	-	884,000	32,100	-	916,100
Investments (Net of Provision)	-	-	-	-	-	-	198,500	198,500

Admission Slip



Registered Office: Mukand Ltd., Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021

Name of the Member			
Shares held in Demat Form		Shares held in Physical Form	
DP ID:		Folio No.	
Client ID:			
No. of Shares		No. of Shares	

I/We hereby record my/our presence at the **73rd Annual General Meeting** of the Company at 4.30 p.m. on Wednesday, the 27th July, 2011 at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021.

Signature of the Member/Proxy/Representative attending the Meeting

Note: Member/Proxy/Representative must bring the Admission Slip to the Meeting and hand over at the entrance duly signed.

Proxy Form



Registered Office: Mukand Ltd., Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021

Name of the Member			
Shares held in Demat Form		Shares held in Physical Form	
DP ID:		Folio No.	
Client ID:			
No. of Shares		No. of Shares	

I/We.....
of being a Member/Members of
MUKAND LTD. hereby appoint.....
ofor failing him/her.....
.....of..... as my/our
proxy to vote for me/us on my /our behalf at the **73rd Annual General Meeting** of the Company to be
held on Wednesday, the 27th July, 2011 and at any adjournment thereof.

Signed this day of 2011 Signature

Affix
Re. 1/-
Revenue
stamp

Notes:

1. The Proxy duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
2. Signature should be affixed across the Revenue Stamp as per specimen signature registered with the Company.

June 15, 2011
Dear Shareholder,

Mukand Ltd.
Regd. Office : Bajaj Bhawan, Jamnalal Bajaj Marg,
226, Nariman Point, Mumbai 400 021.
Tel: 91 22 6121 6666 Fax : 91 22 2202 1174
www.mukand.com

Sub: MCA's Green Initiative for Paperless Communications

Ministry of Corporate Affairs ("MCA") has recently taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies. Towards this, MCA has issued Circulars dated 21 April 2011 & 29 April 2011 stating that the service of notice / document by a company to its shareholders can now be made through electronic mode, subject to a few conditions.

Our Company appreciates the initiative taken by MCA, as it believes strongly in a Greener Environment. This initiative also helps in prompt receipt of communication, apart from helping avoid losses / delays in postal transit.

We therefore propose to send documents, such as the Notice of the Annual General Meeting, Annual Report etc. henceforth to shareholders in Electronic Form at the e-mail address provided by them and made available to us by the depositories from time to time.

As per our records, your e-mail address is not registered with your Depository Participant / Share Transfer Agent of the Company.

In case you wish to receive all the above communications in electronic form; and

- A) *hold your shares in dematerialized form, kindly register your e-mail address with your Depository Participant at the earliest; or*
B) *hold your shares in physical form, kindly register your e-mail address with Karvy Computershare Private Limited, our Share Transfer Agent, at the following address at the earliest:*

*Mohd Mohsin Uddin,
Manager
Karvy Computershare Pvt. Ltd.
Plot No.17-24, Vittalrao Nagar, Madhapur
Hyderabad 500 081
E-mail Address: einward.ris@karvy.com*

You may use the format given below for registering your e-mail address with your Depository Participant / Karvy Computershare Private Limited.

We wish to inform you that in addition to getting the documents through your registered e-mail, you can also have access to the documents through our Company website, www.mukand.com. The document will also be available to you for inspection at the Registered Office of the Company during office hours.

Communication in this regard is also being made through public notices in prominent newspapers as well as in our Company website.

We are sure you would appreciate the "Green Initiative" taken by MCA, just as it is being implemented by companies like us. Needless to say, you will be, as a member of the Company, entitled to be furnished with a copy of the above mentioned documents as required under the provisions of the Companies Act, 1956, free of cost, upon receipt of a requisition from you any time during the year.

We solicit your whole-hearted co-operation in helping the Company implement the e-governance initiatives of the Government in the interest of environment, which is the need of the hour today.

This communication may be ignored, if your e-mail address is already registered with your Depository Participant / Share Transfer Agent.

Thanking you,

Yours faithfully,
For **Mukand Ltd.**

K J Mallya
Company Secretary

E-COMMUNICATION REGISTRATION FORM

(In terms of circulars dated 21-04-2011 & 29-04-2011 issued by the Ministry of Corporate Affairs)

Mukand Ltd.
Regd. Office : Bajaj Bhawan, Jamnalal Bajaj Marg,
226, Nariman Point, Mumbai 400 021.
Tel: 91 22 6121 6666 Fax : 91 22 2202 1174
www.mukand.com

Folio No. / DP ID & Client ID No. :
Name of 1st Registered holder :
Name of Joint holder(s) :
E-mail ID (to be registered) :

Please register my above e-mail ID in your records for receiving communication in electronic form from company/ies of which I / we, am / are shareholder(s).

Date :

Signature :

(First holder)

Note : Shareholder(s) are requested to keep the Company informed of change, if any, in the e-mail address.



BOOK POST



MUKAND LIMITED, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.
www.mukand.com



MUKAND GLOBAL FINANCE LIMITED

BOARD OF DIRECTORS:

Vinod S. Shah, *Chairman*

S. B. Jhaveri

K. J. Mallya

AUDITORS:

R. K. Chaudhary & Associates
Chartered Accountants

BANKERS:

Central Bank of India

REGISTERED OFFICE:

Bajaj Bhawan, 3rd Floor,
Jamnalal Bajaj Marg,
226, Nariman Point,
Mumbai – 400 021.

33rd ANNUAL REPORT

ACCOUNTING YEAR ENDED 31ST MARCH, 2011

DIRECTORS' REPORT

1. The Directors' present their Thirty Third Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2011.

2. Financial Results:

	Current Year		Previous year	
	Rupees	Rupees	Rupees	Rupees
Profit / (Loss) before depreciation, tax & provisions		2,31,79,294		(62,40,937)
Less : Depreciation	1,68,047		2,22,057	
Provision for Non-Performing Assets	Nil		2,50,00,000	
Provision on Standard Assets	23,83,000		Nil	
Provision for taxation [including Deferred Tax (Credit) / Debit and Fringe Benefit Tax]	9,289	25,60,336	29,981	2,52,52,038
Profit / (Loss) after tax		2,06,18,958		(3,14,92,975)
Add: Balance as per last account		5,06,77,513		8,21,70,488
		7,12,96,471		5,06,77,513
Add/(Less): Excess / (Short) Provision for Tax (Net)		(34,95,684)		Nil
Appropriations: Transfer to Reserve Fund in terms of Section 45IC(i) of Reserve Bank of India Act, 1934		6,78,00,787		5,06,77,513
		34,50,000		Nil
Balance carried to the Balance Sheet		6,43,50,787		5,06,77,513

3. Dividend :

To conserve the available resources of the Company, your Directors do not recommend payment of any dividend for the year ended 31st March, 2011.

-: 1 :-

4. Operations :

- a. The Company has earned operating profit of Rs.231.79 lacs for the year ended 31st March, 2011 as against loss of Rs.62.41 lacs for the previous year.
- b. During the year under review, the Company continued to focus on:-
 - i. effective follow-up of legal cases and recovery of outstanding amounts;
 - ii. effective and selective control over expenses and collections / recoveries; and
 - iii. non-fund based business activities to optimise utilisation of existing infrastructure.

5. Prudential Accounting Norms:

The Company has complied with the prudential norms and guidelines laid down by the Reserve Bank of India (RBI) pertaining to provision for non-performing assets, standard assets and income-recognition. The Company is in the process of taking adequate steps to bring down the excess concentration of credit / investment exposures within the prescribed ceiling specified under Paragraph 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. The disclosure as required in terms of Paragraph 13 of the said Directions is attached to the accounts of the year under consideration as 'Annexure II'. The disclosure requirements as per Reserve Bank of India Guidelines dated 1st August, 2008 as regards capital adequacy, liquidity and disclosure norms are attached to the accounts of the year under consideration as 'Annexure III'.

6. Directors' Responsibility Statement :

Pursuant to Section 217(2AA) of Companies Act, 1956, your Directors confirm that:-

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii. the appropriate accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to provide a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit for the year ended 31st March, 2011;

iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and

iv. the annual accounts are prepared on a going concern basis.

7. Directors:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company Shri S. B. Jhaveri, Director of the Company retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

8. Audit Committee :

As required by Section 292A of the Companies Act, 1956, the Company does have a duly constituted Audit Committee.

The members of the Audit Committee as on 31st March, 2011 are:

- a) Shri Vinod S. Shah, Chairman
- b) Shri S. B. Jhaveri, Member
- c) Shri K. J. Mallya, Member

9. Auditors :

Messrs. R. K. Chaudhary & Associates, Chartered Accountants, Mumbai, Auditors of the Company, retire and are eligible for re-appointment. You are requested to appoint Auditors for the period from the conclusion of the forthcoming Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

10. Compliance of Section 217(1)(e) of the Companies Act, 1956:

Particulars of Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgo prescribed under the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 are not applicable to the Company.

11. Employees:

There are no employees coming within the purview of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

- 12.** The notes referred to in the Auditors' Report are self-explanatory and hence, do not call for any comments under Section 217 of the Companies Act, 1956.

For and On behalf of the Board of Directors

Vinod S. Shah
CHAIRMAN

Mumbai, 24th May, 2011

Registered Office :
Bajaj Bhavan, 3rd Floor,
Jamnalal Bajaj Marg,
226, Nariman Point,
Mumbai - 400 021.

**The Board of Directors
Mukand Global Finance Limited
Bajaj Bhavan, 3rd Floor,
Jammnalal Bajaj Marg,
226, Nariman Point,
Mumbai – 400 021.**

Dear Sirs,

Re : “Non-Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 1998”.

We have audited the Balance Sheet of **Mukand Global Finance Limited** as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date and report that:-

As required by the “Non-Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 1998”, issued by Reserve Bank of India in terms of Section 45 MA(1A) of the Reserve Bank of India Act, 1934, we hereby report on the matters specified in paragraphs 3 and 4 of the said directions;

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- a) The Company has been registered as provided in Section 45 IA of the Reserve Bank of India Act, 1934 (2 of 1934), and has received the certificate of registration;
- b) The Board of Directors of the Company, have passed a circular resolution dated 6th April, 2010 for the non-acceptance of any public deposits;
- c) The Company has not accepted any public deposits, as defined in clause 2(1) (xii) of Part I of the “Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998”, during the year;
- d) The Company has complied with the Prudential Norms relating to Income Recognition, Accounting Standards, Asset Classification and Provisioning for Bad and Doubtful Debts as required by the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, except as stated in Note No. B(15) in Schedule ‘11’ to the Accounts, relating to exposures towards loans given to, and investments in shares of, certain companies in excess of limits specified in paragraph 18 of the said Directions. We have been informed that, the Company has brought down the excess credit concentration of the aforesaid exposures and is still in the process of bringing down the balance excess concentration which, as at 31st March, 2011, in the case of individual parties, aggregate Rs.4360.19 Lacs in case of loans given and, aggregate Rs.3869.40 Lacs in case of investments considered together with the aforesaid loans.

**For R. K. CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS**

PLACE: MUMBAI

DATE: 24/05/2011

**(R. K. CHAUDHARY)
PROPRIETOR
M.NO. 35487**

R. K. CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS

MUKAND GLOBAL FINANCE LIMITED

REPORT OF AUDITORS TO THE MEMBERS

1. We have audited the attached Balance Sheet of **MUKAND GLOBAL FINANCE LIMITED** as at 31st March 2011, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 from any 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 presentation of the financial statement. We believe that our audit provided a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of the company.
 - (c) The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the company.
 - (d) In our opinion, the Balance Sheet, Profit & 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 Companies Act, 1956;
 - (e) On the basis of written representation made by the directors of the company and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

(f) We invite attention to:

- (i) Note No. B (7) in schedule '11' to the Accounts, relating to Investments aggregating Rs.197,760,000 (Net of provision for diminution Rs.49,440,000) in, and loans and interest dues aggregating Rs.820,888,145 due from companies whose net worth has eroded as at 31st March, 2011. The Management believes that provision for further losses that may ultimately result on account of diminution in value of investments and on account of loans given would depend upon the amount likely to be realized from the financial assets of these companies and therefore, no provision on this account is quantifiable at present. Under these circumstances, we have relied upon this judgment of the Management and also its decision to continue with granting / renewing aforesaid loans including Rs.147,263,830 granted / renewed during the year to a company, in which the Company's investments were fully provided for diminution during the previous year;
- (ii) Note No. B (8) in Schedule '11' to the Accounts, relating to purchase by way of assignment in its favour, secured debts due by Stainless India Limited (SIL) to IDBI Bank Limited. SIL's net worth has eroded. During the financial year 2008-2009 the Company has fully provided for diminution in the value of investments in SIL. However, the Management has not encashed the security against the debt amounting to Rs.32,075,000 (net of provision for NPA Rs.32,075,000) as at 31st March, 2011 and continues to classify it, as 'Good' relying upon fair market value of the security against this debt. Under these circumstances, we have relied upon this judgment of the Management;
- (iii) Note No. B (15) in Schedule '11' to the Accounts, relating to exposures towards loans given to, and investments in shares of, certain companies in excess of limits specified in paragraph 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. We have been informed that, the Company has brought down the excess credit concentration of the aforesaid exposures and is still in the process of bringing down the balance excess concentration which as at 31st March, 2011, in the case of individual parties, aggregate Rs.4360.19 Lacs in case of loans given and, aggregate Rs.3869.40 Lacs in case of investments considered together with the aforesaid loans;

We further report that, the impact resulting out of our observations in this para 4(f) on the Profit, is not quantifiable by us, since, the issues concerned, are judgmental in nature.

5. In our opinion and to the best of our information and based on the explanations given and Management representations made to us, the said financial statements, subject to our reservations expressed in para 4(f) above and read together with the notes thereon, give the information required by the Companies Act 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2011.
- (b) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on the date.
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For R. K. CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS**

PLACE: MUMBAI

DATE: 24/05/2011

**(R. K. CHAUDHARY)
PROPRIETOR
M.NO. 35487**

R.K. CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS

MUKAND GLOBAL FINANCE LIMITED

ANNEXURE TO AUDITORS REPORT

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that

1. (a) The Company has maintained proper records showing particulars, including quantitative details and situation of its fixed assets;
(b) As explained to us all the fixed assets, according to the practice of the Company are physically verified by the Management at reasonable intervals, in a phased verification-programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business.
(c) The Company has not disposed off any substantial part of its Fixed Assets so as to affect its going concern;
2. None of the Fixed Assets of the Company have been re-valued during the year.
3. As explained to us, the shares held as inventory have been physically verified by the Management at the close of the year.
4. The procedure as explained to us, which are adopted and followed by the Management for physical verification of the above referred inventory, are in our opinion, are reasonable and adequate in relation to the size of the company and the nature of its business.
5. On the basis of our examination of the inventory records of the Company, we are of the opinion that the company is maintaining records of its inventory. No discrepancies were noticed upon physical verification of inventories as compared to the book records.
6. We are of the opinion that the valuation of Stocks is fair & proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. According to the information and explanations given to us, the company has not granted/ taken any secured or unsecured loans from companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956.

8. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to the purchase of inventory and fixed assets and for sale of services. There was no sale of goods or securities during the year. During the course of our Audit, we have not observed any major weakness in the internal control.
9. On the basis of the Audit procedures performed by us, and according to the information, explanations and representations given to us, we have not come across any contracts or agreements in which Directors are interested as contemplated under Section.297 and under Section 299 of the Companies Act 1956, and which were required to be entered in the register maintained under Section 301 in the said Act.
10. The company has not accepted any deposits from the public during the year.
11. The Internal Audit function carried out by a Chartered Accountant appointed by the Management is commensurate with the size of the company and nature of its business.
12. According to the information and explanations given to us there were no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty outstanding as at 31st March, 2011 for a period of more than six months from the date they become payable.
13. According to the information and explanations given to us there were no disputed amounts payable in respect of Income Tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty or Cess.
14. The Company does not have any accumulated losses at the end of the financial year. The company has incurred cash loss in the immediately preceding financial year. The Company has not incurred cash loss during the current financial year.
15. On the basis of records examined by us the information and explanations given to us there were no dues to the banks, financial institutions or debenture holders.
16. As explained to us, the company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures or any other securities.
17. In respect of the shares, securities and other investments, dealt or traded by the Company, proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All the shares, securities and investments are held by the Company its own name.

18. According to the information and explanations given to us and the representations made by the Management, the Company has not given any guarantee for the loans taken by any other company from any bank or financial institutions.
19. The Company has not obtained any term loan during the year.
20. According to the information and explanations given to us and an overall examination of the financial statements of the Company, we are of the opinion that, prime facie, short term funds have not been used for long term investments.
21. The company has not made any preferential allotment of shares during the year.
22. The company has not issued any debentures during the year.
23. The company has not raised any money by public issue during the year.
24. According to the information and explanations given to us, and best of our knowledge and belief, no fraud on or by the company, has been noticed or recorded by the Company during the year.

Looking to the nature of activities being carried on, at present, by the Company and also considering the nature of matters referred to in the various clauses of the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) Order, 2004, clauses (iii) (b), (iii) (c), (iii) (d), (iii) (e), (iii) (f), (iii) (g), (v) (b), (viii) and (xiii) of paragraph 4 of the said Order, are, in opinion, not applicable to the Company.

**For R. K. CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS**

PLACE: MUMBAI

DATE: 24/05/2011

**(R. K. CHAUDHARY)
PROPRIETOR
M.NO. 35487**

MUKAND GLOBAL FINANCE LIMITED

Balance Sheet As At 31st March, 2011

		As At 31/03/2011 Rupees		As At 31/03/2010 Rupees
Schedule				
(I) SOURCES OF FUNDS				
1 Shareholders' Funds :				
Share Capital	1	117,495,000	117,495,000	
Reserves and Surplus	2	<u>261,450,306</u>	<u>244,327,032</u>	361,822,032
		378,945,306		
2 Loan Funds :				
Unsecured Loans	3	<u>797,332,682</u>	<u>917,406,230</u>	917,406,230
		797,332,682		
Total		<u><u>1,176,277,988</u></u>	<u><u>1,279,228,262</u></u>	
(II) APPLICATION OF FUNDS				
1 Fixed Assets :				
Gross Block	4	3,671,748	4,356,893	
Less : Depreciation		<u>2,978,538</u>	<u>3,216,379</u>	
Net Block		693,210		1,140,514
2 Investments				
	5	198,480,849		198,479,849
3 Deferred Tax Asset (Net) [Refer Note B(5)]				
		57,809		67,098
4 Current Assets, Loans and Advances :				
Inventories	6	-	-	
Sundry Debtors		689,125	1,505,848	
Cash and Bank Balances		1,463,124	1,835,912	
Other Current Assets		68,738,448	71,371,906	
Loans and Advances		<u>964,653,958</u>	<u>1,089,512,465</u>	
		<u>1,035,544,655</u>	<u>1,164,226,131</u>	
Current Liabilities and Provisions :				
Current Liabilities	7	13,491,127	15,023,245	
Provisions		<u>45,007,408</u>	<u>69,662,085</u>	
		<u>58,498,535</u>	<u>84,685,330</u>	
Net Current Assets		977,046,120		1,079,540,801
Total		<u><u>1,176,277,988</u></u>	<u><u>1,279,228,262</u></u>	
Statement of Significant Accounting Policies adopted by the Company and Notes forming part of the Accounts.		11		

As per our attached report of even date

For and on behalf of

R. K. Chaudhary & Associates
Chartered Accountants

Vinod S. Shah
Chairman

R. K. Chaudhary
Proprietor
M.No.035487

S. B. Jhaveri
Direcor

K. J. Malliya
Direcor

Mumbai, 24th May, 2011

Mumbai, 24th May, 2011

MUKAND GLOBAL FINANCE LIMITED

Profit and Loss Account For the Year Ended 31st March, 2011

	Schedule	2010-2011 Rupees	2009-2010 Rupees
INCOME			
Interest - Gross (T.D.S. Rs.702,796/- ; Previous Year Rs.1,654,594/-)		74,672,043	79,205,347
Dividend - Gross		46,500	47,300
Advisory and other fees (T.D.S. Rs.689,125/-; Previous Year Rs.778,315/-)		6,247,680	6,764,365
Profit on Sale of Investments		-	1,828,327
Excess Provisions Written Back		-	208,445
Provision for Non-Performing Assets Written Back [Refer Note B(9)]		30,425,000	-
Bad Debts / Loans Recovered		1,841,552	10,751,147
Miscellaneous Income		3,649	-
		113,236,424	98,804,931
EXPENDITURE			
Interest Charges	8	87,049,398	100,933,691
Employment Costs	9	1,522,996	2,238,717
Other Expenses	10	1,425,479	1,873,460
Depreciation		168,047	222,057
Loss on Sale of Assets		59,257	-
Provision for Non-Performing Assets		-	25,000,000
Provision on Standard Assets [Refer Note B(16)]		2,383,000	-
		92,608,177	130,267,925
Profit / (Loss) for the year before Tax		20,628,247	(31,462,994)
Provision for Income Tax [Refer Note B(4)] :			
Deferred Tax (Charge) / Credit		(9,289)	(29,981)
		(9,289)	(29,981)
Profit / (Loss) for the year after Tax		20,618,958	(31,492,975)
Add / (Less) :			
Excess / (Short) Provision for Tax (Net)		(3,495,684)	-
		17,123,274	(31,492,975)
Balance as per last Account		50,677,513	82,170,488
Balance available for Appropriation		67,800,787	50,677,513
Appropriations :			
Transfer to Reserve Fund In terms of Section 45 I C(i) of Reserve Bank Of India Act,1934		3,450,000	-
Balance carried to the Balance Sheet		64,350,787	50,677,513
Number of Equity Shares outstanding during the year		11,749,500	11,749,500
Basic and Diluted Earning Per Share (in Rs.)		1.46	(2.68)
Nominal Value Per Share (in Rs.)		10.00	10.00

Statement of Significant Accounting Policies adopted by the Company and Notes forming part of the Accounts.

11

As per our attached report of even date
For and on behalf of
R. K. Chaudhary & Associates
Chartered Accountants

Vinod S. Shah
Chairman

R. K. Chaudhary
Proprietor
M.No.035487

S. B. Jhaveri
Direcor

K. J. Mallya
Direcor

Mumbai, 24th May, 2011

Mumbai, 24th May, 2011

MUKAND GLOBAL FINANCE LIMITED

SCHEDULES TO THE ACCOUNTS

Schedules ' 1 ' to ' 11 ' annexed to and forming part of the Balance Sheet as at and Profit and Loss Account for the Year Ended 31st March, 2011

	As At 31/03/2011 Rupees	As At 31/03/2010 Rupees
SCHEDULE - ' 1 '		
SHARE CAPITAL		
Authorised Capital :		
15,000,000 Equity Shares of Rs.10/- each.	150,000,000	150,000,000
10,000,000 Preference Shares of Rs.10/- each.	100,000,000	100,000,000
	<u>250,000,000</u>	<u>250,000,000</u>
Issued, Subscribed and Paid - up :		
11,749,500 Equity Shares of Rs.10/- each, fully paid-up (Entire Capital held by Mukand Ltd. - The Holding Company and its nominees)	117,495,000	117,495,000
	<u>117,495,000</u>	<u>117,495,000</u>
SCHEDULE - ' 2 '		
RESERVES AND SURPLUS		
Reserve Fund in terms of Section 45 I C (i) of Reserve Bank of India Act, 1934:		
As per last Account	16,727,189	16,727,189
Transferred From Profit and Loss Account in terms of Section 45 I C (i) of Reserve Bank of India Act, 1934	<u>3,450,000</u>	-
	20,177,189	<u>16,727,189</u>
General Reserve :		
As per last Account	31,922,330	31,922,330
Securities Premium Account :		
As per last Account	145,000,000	145,000,000
Surplus as per Profit and Loss Account	64,350,787	50,677,513
	<u>261,450,306</u>	<u>244,327,032</u>
SCHEDULE - ' 3 '		
UNSECURED LOANS		
Short Term Loans :		
(a) From the Holding Company - (Mukand Ltd)	-	6,000,000
Add: Interest accrued and due	<u>164,387,382</u>	164,387,382
	164,387,382	<u>170,387,382</u>
(b) From other Companies [Refer Note B(3)]	632,355,000	739,085,000
Add: Interest accrued and due	<u>590,300</u>	7,933,848
	632,945,300	<u>747,018,848</u>
	<u>797,332,682</u>	<u>917,406,230</u>

MUKAND GLOBAL FINANCE LIMITED

SCHEDULE - ' 4 '

FIXED ASSETS

Rupees										
Particulars	Gross Block (at Cost)				Depreciation				Net Block	
	As at 01/04/2010	Additions	Deductions/ Adjustments	As at 31/03/2011	Up to 31/03/2010	For the Year	Deductions/ Adjustments	Up to 31/03/2011	As at 31/03/2011	As at 31/03/2010
Motor Car	685,145	-	685,145	-	390,748	15,140	405,888	-	-	294,397
Furniture and Fixtures	1,298,872	-	-	1,298,872	1,001,293	73,408	-	1,074,701	224,171	297,579
Computers	1,692,361	-	-	1,692,361	1,443,841	47,938	-	1,491,779	200,582	248,520
Office Equipment	680,515	-	-	680,515	380,497	31,561	-	412,058	268,457	300,018
Total	4,356,893	-	685,145	3,671,748	3,216,379	168,047	405,888	2,978,538	693,210	1,140,514
Previous Year's Total	4,291,373	65,520	-	4,356,893	2,994,322	222,057	-	3,216,379	1,140,514	

MUKAND GLOBAL FINANCE LIMITED

SCHEDULE - ' 5 '

INVESTMENTS - AT COST / BOOK VALUE

		As At 31/03/2011 Rupees	As At 31/03/2010 Rupees
Long Term -			
Other than trade (Quoted) :			
Bajaj Holdings & Investment Ltd.			
850 Equity Shares of Rs.10/- each, fully paid up		150,442	150,442
I C I C I Bank Limited			
1750 Equity Shares of Rs.10/- each, fully paid up		536,067	536,067
		686,509	686,509
Other than trade (Unquoted) :			
Stainless India Limited	(a) (c)		
581400 Equity Shares of Rs.10/- each, fully paid up		5,843,140	5,843,140
Less:- Provision For Diminution In Value of Investments		5,843,140	5,843,140
		-	-
Pradip Realtors Pvt. Ltd.			
3334 Equity Shares of Rs.10/- each, fully paid up		33,340	33,340
Mukand Vini Mineral Ltd.	(a)		
100 Equity Shares of Rs.10/- each, fully paid up		1,000	-
Econium Investment & Finance Ltd.	(b)		
494400 10% Non-Cumulative Redeemable Preference shares of Rs.100/- each, fully paid up		49,440,000	49,440,000
Primus Investments & Finance Ltd.	(b)		
494400 10% Non-Cumulative Redeemable Preference shares of Rs.100/- each, fully paid up		49,440,000	49,440,000
Catalyst Finance Ltd.	(b)		
494400 10% Non-Cumulative Redeemable Preference shares of Rs.100/- each, fully paid up		49,440,000	49,440,000
Lineage Investments Ltd.	(b)		
494400 10% Non-Cumulative Redeemable Preference shares of Rs.100/- each, fully paid up		49,440,000	49,440,000
Fusion Investments & Financial Services Ltd.	(b)		
494400 10% Non-Cumulative Redeemable Preference shares of Rs.100/- each, fully paid up		49,440,000	49,440,000
Less:- Provision For Diminution In Value of Investments		49,440,000	49,440,000
		-	-
		197,794,340	197,793,340
		198,480,849	198,479,849

(Market Value of Quoted Investments as at 31.03.2011 Rs.2,620,556/-; as at 31.03.2010 Rs.2,183,558/)

All the above Investments have been classified by the Company as " Long Term Investments " in view of its intention to hold the same on a long term basis.

(a) A company under the same management.

(b) Refer Note B (7).

(c) Refer Note B (8).

MUKAND GLOBAL FINANCE LIMITED

As At 31/03/2011 Rupees	As At 31/03/2010 Rupees
--	--

SCHEDULE - ' 6 '

CURRENT ASSETS, LOANS AND ADVANCES

(A) INVENTORIES (at lower of aggregate costs as compared to aggregate market value) (as certified by the Management) :

Closing Stock of Equity Shares	-	-
--------------------------------	---	---

(B) SUNDRY DEBTORS (unsecured, considered good, unless otherwise stated) [Refer Note B(6)]

Debts outstanding for a period exceeding six months	-	-
---	---	---

Other Debts	689,125	1,505,848
	689,125	1,505,848

(C) CASH AND BANK BALANCES

Cash on hand	3,391	332
Balances with Scheduled Banks : In Current Accounts	1,459,733	1,835,580
	1,463,124	1,835,912

(D) OTHER CURRENT ASSETS

Interest Receivable [Refer Note B(7)]	68,738,448	71,371,906
---------------------------------------	------------	------------

(E) LOANS AND ADVANCES (unsecured, considered good, unless otherwise stated)

Secured Loan [Refer Note B(8) and B(9)]	64,150,000	125,000,000
Inter-Corporate Deposits [Refer Note B(7)]	883,815,000	952,796,000
Advances recoverable in cash or in kind or for value to be received	44,928	163,654
Advance payment of Tax and Tax deducted at source	16,642,830	11,551,611
Security Deposits	1,200	1,200
	964,653,958	1,089,512,465

	1,035,544,655	1,164,226,131
--	---------------	---------------

MUKAND GLOBAL FINANCE LIMITED

As At 31/03/2011 Rupees	As At 31/03/2010 Rupees
--	--

SCHEDULE - ' 7 '

CURRENT LIABILITIES AND PROVISIONS

A. CURRENT LIABILITIES

Sundry Creditors [Refer Note B(10)]	296,786	286,761
Interest accrued but not due on loans	5,790,641	7,014,529
Other Liabilities	7,403,700	7,721,955
	13,491,127	15,023,245

B. PROVISIONS

For Income Tax	8,740,380	5,195,000
For Interest Tax	1,309,907	1,309,907
For Fringe Benefit Tax	142,426	142,426
For Employee Benefits	356,695	514,752
For NPA as per RBI Prudential Norms [Refer Note B(9)]	32,075,000	62,500,000
For Standard Assets as per RBI Prudential Norms [Refer Note B(16)]	2,383,000	-
	45,007,408	69,662,085
	58,498,535	84,685,330

MUKAND GLOBAL FINANCE LIMITED

2010-2011	2009-2010
Rupees	Rupees

SCHEDULE - ' 8 '

INTEREST CHARGES

Interest On Loans From Companies	86,999,398	100,864,637
Interest others	-	13
Other Finance Charges	50,000	69,041
	87,049,398	100,933,691

SCHEDULE - ' 9 '

EMPLOYMENT COSTS

Salaries, Allowances, etc.	1,281,382	1,928,705
Contribution to Provident Fund	49,469	75,107
Welfare Expenses	192,145	234,905
	1,522,996	2,238,717

SCHEDULE - ' 10 '

OTHER EXPENSES

Insurance Charges	3,069	11,071
Legal and Professional Fees	647,395	673,099
Repairs and Maintenance	38,850	36,590
Auditor's Remuneration :		
As Auditors	50,000	50,000
As Tax Auditors	10,000	10,000
For Certification Work	20,000	42,500
Out of pocket expenses	-	2,834
	80,000	105,334
Telephone Expenses	63,654	86,743
Travelling and Conveyance	186,446	333,024
General Expenses	406,065	627,599
	1,425,479	1,873,460

MUKAND GLOBAL FINANCE LIMITED

SCHEDULE '11'

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE COMPANY AND NOTES FORMING PART OF THE ACCOUNTS

(A) Statement of Significant Accounting Policies adopted by the Company :

(1) REVENUE RECOGNITION

- (a) Income from interest is generally recognized on a time proportion basis taking into account the amount outstanding and the applicable rate.
- (b) Fees for Advisory Services are accrued as revenue over the term of the contract.
- (c) Income on overdue/delayed payments is accounted on receipt basis.
- (d) Other incomes and costs/expenditure are generally accounted on accrual basis as they are earned or incurred.
- (e) The Company follows prudential norms for income recognition and provisioning for bad and doubtful debts and other non-performing assets, as prescribed by the Reserve Bank of India, for Non-Banking Finance Companies.

(2) VALUATION OF INVENTORIES/INVESTMENTS

(a) VALUATION OF INVENTORIES

Inventories of shares / other securities are valued at lower of aggregate cost as compared to aggregate market value / fair value for each category of inventories.

(b) VALUATION OF INVESTMENTS

All long term investments are valued at cost. Diminution if any, in the value of investments, other than temporary, is provided for each investment individually.

(c) COST OF INVENTORIES / INVESTMENTS

The cost of Inventories / Investments includes brokerage and transfer charges.

(3) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation.

(4) DEPRECIATION

- (a) Depreciation on assets is provided on Straight Line Method at the rates specified from time to time in Schedule XIV to the Companies Act, 1956.
- (b) Depreciation on addition to assets or on sale / discardment of assets is calculated pro-rata from the month of such addition or upto the month of such sale, as the case may be.

Contd. ...

MUKAND GLOBAL FINANCE LIMITED

(5) EMPLOYEE BENEFITS

(a) **Short term employee benefits** - All employee benefits payable within twelve months of rendering the service are recognised in the period in which the employee renders the related service.

(b) **Post Employment Benefits** –

i. **Defined Contribution Plans:**

Company's contribution to Government Pension Scheme is recognised during the year in which the related service is rendered.

ii. **Defined Benefit Plans:**

Gratuity – The present value of the obligation under such plans, is determined based on an actuarial valuation, using the Projected Unit Credit Method, carried out at the close of the year. Actuarial gains and losses arising on such valuation are recognised immediately in the Profit and Loss Account.

Provident Fund – Provident Fund contributions are made to a Trust administered by the Holding Company. The interest rate payable by the Trust to the beneficiaries is notified by the Government. The Company has an obligation to make good the shortfalls, if any, between the return on investments of Trust and the notified interest rate

(c) **Long Term Compensated Absences** are recognised in the same manner as Defined Benefit Plans.

(d) **Termination Benefits** are charged to the Profit and Loss Account in the year in which they are incurred.

(6) TAXATION

Income-tax expense comprises Current Tax and Deferred tax charge or credit. Provision for current tax is made on basis of the assessable income at the tax rate applicable to the relevant assessment year. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised, only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassure realisation.

(B) Notes forming part of the Accounts :

	As At 31.03.2011 (Rupees)	As At 31.03.2010 (Rupees)
1. Contingent liabilities not provided for in respect of disputed income-tax and interest tax as the matters are under appeal [Amount paid thereagainst Rs.61,06,946/- (Previous Year Rs.32,77,170/-)].	61,06,946	46,48,795

2. Particulars in respect of opening stock, purchases, sales and closing stock of Shares and other Securities :

	2010-2011 Nos.	2009-2010 Nos.
OPENING STOCK		
Equity Shares of Rs.10/- each, fully paid	60	60
PURCHASES / BONUS		
Equity Shares of Rs.10/- each, fully paid	Nil	Nil
SALES / REDEMPTION		
Equity Shares of Rs.10/- each, fully paid	Nil	Nil
CLOSING STOCK		
Equity Shares of Rs.10/- each, fully paid	60	60

Contd. ...

MUKAND GLOBAL FINANCE LIMITED

CLOSING STOCK DETAILS:

EQUITY SHARES

Name of the Company	As at 31 st March, 2011		As at 31 st March, 2010	
	No. of Shares	Value in Rupees	No. of Shares	Value in Rupees
Stanrose Mafatlal Lubechem Ltd.	60	Nil	60	Nil
TOTAL	60	Nil	60	Nil

- Loan from other Companies include Rs.12,25,00,000/- availed against pledge of shares belonging to Baroda Industries Private Limited, Shri Rajesh V. Shah, Shri Suketu V. Shah, Smt. Bansri Rajesh Shah, Smt. Neerja Shah and Smt. Jyoti Shah (Third Party Pledgors); (Previous Year Rs.12,00,00,000/- against pledge of shares belonging to Baroda Industries Private Limited, Shri Rajesh V. Shah, Shri Suketu V. Shah, Smt. Bansri Rajesh Shah, Smt. Neerja Shah, Smt. Czaee Suketu Shah and Smt. Jyoti Shah).
- No provision for Income Tax has been made during the year, inspite of book profit of Rs.2,06,28,247/- as the same is mainly on account of write back of provision during the year of Rs.3,04,25,000/- for Non-Performing Assets provided in previous years which was not claimed as allowable deduction in these years.

5. Deferred Tax:

(In Rupees)

P a r t i c u l a r s	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
<u>Deferred Tax Asset on account of :</u>			
Provision for Employee Benefits	1,10,219	1,59,059	2,04,579
Deferred Tax Asset	1,10,219	1,59,059	2,04,579
<u>Deferred Tax Liability on account of :</u>			
Depreciation	52,410	91,961	1,07,500
Deferred Tax Liability	52,410	91,961	1,07,500
Deferred Tax Asset (Net)	57,809	67,098	97,079

- 'Other debts' under Sundry Debtors include dues from a company under the same management - Mukand Engineers Limited Rs.33,095/- (Previous Year Rs.60,110/-).
- The Company has investments aggregating Rs.24,72,00,000/- (Previous Year Rs.24,72,00,000/-) (At Cost) in Preference Shares of, and Loans and interest dues aggregating Rs.70,80,14,263/- (Previous Year Rs.80,01,15,532/-) due from Companies marked (b) in Schedule '5' to the Accounts. The Company also has Loans and interest dues amounting to Rs.11,28,73,882/- (Previous Year Rs.12,34,32,227/-) due from Conquest Investment and Finance Ltd. The networth of these Companies has eroded. These loans have been renewed for further periods. During the financial year 2007-2008 the Company has fully provided for the diminution in the value of investments in Fusion Investments and Financial Services Limited amounting to Rs.4,94,40,000/-. The Management believes that ultimate losses that may result on account of diminution in value of such Investments and on account of these loans / interest dues, will depend upon the amount that would be realised from the financial assets of these companies. Under these circumstances, being unable to make an informed judgement, the auditors have relied upon this judgement of the management.
- The Company has an investment of Rs.58,43,140/- (Previous Year Rs.58,43,140/-) in equity shares of Stainless India Limited (SIL). The Company has also purchased a fully secured debt of Rs.2799.55 Lac due to IDBI Bank Limited (IDBI) by SIL, for a total price of Rs.1250 Lac as per Deed of Assignment executed by IDBI in favour of the Company on 29th April, 2008. The Company has received payment of Rs.6,08,50,000/- (Previous Year Rs.Nil) during the year out of Secured Loan of Rs.12,50,00,000/- (Previous Year Rs.12,50,00,000/-). The networth of SIL has eroded. During the financial year 2008-2009 the Company had fully provided for the diminution in value of investments in SIL. However, it does not consider it necessary at present, to encash the security against its debt as it relies upon the fair market value of this security for its realisability and continues to classify it as 'Good'. Being unable to make an informed judgement, the auditors have relied upon this judgement of the management on the classification of the said exposures.

Contd. ...

MUKAND GLOBAL FINANCE LIMITED

9. The Company had made provision of Rs.6,25,00,000/- in the previous years in respect of the debt due from SIL in accordance with the guidelines for purchase of non-performing assets and prudential norms prescribed by the Reserve Bank of India. During the year the Company has received Rs.6,08,50,000/- (Previous Year Rs.Nil) from SIL and therefore written back Rs.3,04,25,000/- (Previous Year Rs.Nil) out of the said provision. As at 31st March, 2011 provision for non-performing assets remains at Rs.3,20,75,000/- (Previous Year Rs.6,25,00,000/-) against the outstanding loan amount of Rs.6,41,50,000/- (Previous Year Rs.12,50,00,000/-).

Disclosures in terms of Reserve Bank of India (RBI) Guidelines dated 13th July, 2005 on Purchase of Non-Performing Assets are given below:

Details of Non-Performing Financial Assets Purchased:

	<u>2010-2011</u>	<u>2009-2010</u>
1) (a) No. of accounts purchased during the year	Nil	Nil
(b) Aggregate Outstanding	Rs.6,41,50,000/-	Rs.12,50,00,000/-
2) (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate Outstanding	Nil	Nil

10. Sundry Creditors in Schedule '7' include Rs.Nil (Previous Year Rs.Nil) due to Micro, Small and Medium Enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME) and Rs.2,67,005/- (Previous Year Rs.2,86,761/-) due to other creditors. No amounts were paid / payable as interest to Micro, Small and Medium Enterprises. The said information is compiled on the basis of information available with the Company about the registration of the creditors under MSME.

11. Loans and advances in the nature of loans to Associate Companies :

<i>(Amount in Rupees)</i>				
<i>Name of Companies</i>	<i>Amount outstanding as at 31.03.2011</i>	<i>Maximum balance 2010-2011</i>	<i>Amount outstanding as at 31.03.2010</i>	<i>Maximum balance 2009-2010</i>
Lineage Investments Ltd.	23,31,86,000	23,31,86,000	23,31,86,000	25,52,36,000
Catalyst Finance Ltd.	3,33,61,000	6,36,21,000	6,36,21,000	18,35,24,000
Econium Investments & Finance Ltd.	11,13,23,000	12,93,23,000	12,93,23,000	16,71,43,000
Fusion Investments & Financial Services Ltd.	13,51,46,000	17,95,46,000	17,95,46,000	20,52,71,000
Primus Investments and Finance Ltd.	13,78,53,000	13,86,63,000	13,86,63,000	17,08,73,000
Conquest Investment & Finance Ltd.	10,26,76,000	11,47,76,000	11,47,76,000	15,46,46,000
Vidyavihar Containers Limited	1,96,00,000	1,96,00,000	1,33,00,000	1,33,00,000
Stainless India Limited @	6,41,50,000	12,50,00,000	12,50,00,000	13,12,50,000
Mukand Vini Mineral Limited @	14,00,000	14,00,000	Nil	Nil

@ A company under the same management

12. Related Party Disclosures

(a) Relationship :

(i) Holding Company : Mukand Limited

(ii) Fellow Subsidiary Companies :

Vidyavihar Containers Limited
Mukand International Limited (U.K.)
Mukand International FZE (UAE)
Mukand Vijaynagar Steel Limited

(iii) Other related parties where control / significant influence exists :

Mukand Engineers Limited
Bombay Forgings Limited
Stainless India Limited
Lineage Investments Limited
Catalyst Finance Limited
Econium Investment & Finance Limited
Fusion Investment & Financial Services Limited

Contd. ...

MUKAND GLOBAL FINANCE LIMITED

Primus Investments & Finance Limited
 Conquest Investments & Finance Limited
 Jammalal Sons Private Limited
 Mukand Vini Mineral Limited
 Kalyani Mukand Limited
 Hospet Steels Limited

Related Party Relationships are as identified by the management and relied upon by the auditors.

(b) Details of transactions with the related parties in the ordinary course of business are given in the statement annexed to these accounts as 'Annexure I'

13. Disclosure pursuant to Accounting Standard – 15 – “Employee Benefits”:

Contribution to Government Pension Scheme Rs.22,011/- (Previous Year Rs.31,660/-) is recognized as expenses in the Profit and Loss Account. The following table sets out the disclosures as required by the standard:

I. Assumptions	01-04-10 to 31-03-11	01-04-09 to 31-03-10
Discount Rate	7.75%	7.75%
Rate of increase in Compensation levels	5.25%	5.25%
II. Table Showing Change in Benefit Obligation :		
Present Value of obligation at the beginning of the year	1,90,772	2,15,930
Interest Cost	14,785	16,195
Current Service Cost	12,470	16,632
Benefits paid	(1,71,303)	Nil
Actuarial (gain) / loss on obligations	97,356	(57,985)
Present Value of obligation at the end of the year	1,44,080	1,90,772
III. The Amounts to be recognised in balance Sheet		
Present Value of Obligation at the end of the year	1,44,080	1,90,772
Fair value of plan assets	Nil	Nil
Liability Recognised at the end of the year	1,44,080	1,90,772
IV. Amounts to be recognised in the Profit and Loss		
Current Service Cost	12,470	16,632
Interest Cost	14,785	16,195
Expected Return on Plan Assets	Nil	Nil
Net actuarial (gain) / loss recognised in the period	97,356	(57,985)
Expenses Recognised in the Profit and Loss Account	1,24,611	(25,158)

14. Since the Company is predominantly engaged in the business of borrowing and lending funds, there is no other reportable segment.

15. The Company has given loans to, and invested in shares of, certain companies which, as at 31st March, 2011, are in excess of the limits specified for single borrower / investee under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. The Company has brought down the excess credit concentration of the aforesaid exposures and is still in the process of bringing down the balance excess concentration of the aforesaid exposures within the prescribed ceiling specified under paragraph 18 of the said directions.

Contd. ...

MUKAND GLOBAL FINANCE LIMITED

- 16.** The Company has complied with the Prudential Norms relating to Income Recognition, Accounting Standards, Asset Classification and Provisioning for Bad and Doubtful Debts as required by the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. The Company has also made provision on Standard Assets as on 31st March, 2011 as prescribed by Reserve Bank of India (RBI) in their Notifications No. DNBS. 222 CGM(US)2011 and No. DNBS. 223 CGM (US) 2011 both dated January 17, 2011. Various Returns required to be filed with RBI have been filed with RBI in time.
- 17.** Disclosure requirements in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are attached to these accounts as 'Annexure II'.
- 18.** Disclosure requirements as per Reserve Bank of India Guidelines dated 1st August, 2008 as regards capital adequacy, liquidity and disclosure norms are attached to these accounts as 'Annexure III'.
- 19.** Previous Year's figures have been regrouped wherever necessary.

As per our attached report of even date

For and on behalf of

R. K. Chaudhary & Associates
Chartered Accountants

Vinod S. Shah
Chairman

R. K. Chaudhary
Proprietor
M. No.035487

S. B. Jhaveri
Director

K. J. Mallya
Director

Mumbai, 24th May, 2011

Mumbai, 24th May, 2011

MUKAND GLOBAL FINANCE LIMITED

Cash Flow Statement for the Year Ended 31st March, 2011

	2010-2011		2009-2010	
	Rs.	Rs.	Rs.	Rs.
A. Cash Flow Arising from Operating Activities				
(Loss) before tax		20,628,247		(31,462,994)
<u>Add back :</u>				
(a) Depreciation	168,047		222,057	
(b) Loss on Sale of Assets	59,257		-	
(c) Provision for Non-Performing Assets (NPA)	-		25,000,000	
(d) Provision on Standard Assets	2,383,000		-	
		2,610,304		25,222,057
		23,238,551		(6,240,937)
<u>Deduct :</u>				
(a) Profit on Sale of Investments	-		1,828,327	
(b) Provision for NPA Written Back	30,425,000		-	
(c) Dividend Received on Investments	46,500	30,471,500	47,300	1,875,627
Operating (Loss) before Working Capital changes		(7,232,949)		(8,116,564)
<u>Add :</u>				
(a) Decrease in Sundry Debtors	816,723		-	
(b) Decrease in Interest Receivable	2,633,458		-	
(c) Decrease in advances recoverable in cash or in kind	118,726		91,558	
(d) Inter Corporate Deposits Given - Repaid	68,981,000		254,057,000	
(e) Secured Loan Given - Repaid	60,850,000		-	
(f) Inter Corporate Deposits Taken Mukand (Holding Company)	-		6,000,000	
		133,399,907		260,148,558
		126,166,958		252,031,994
<u>Deduct :</u>				
(a) Inter Corporate Deposits Taken - Repaid Mukand (Holding Company)	6,000,000		-	
(b) Increase in Sundry Debtors	-		887,928	
(c) Decrease in Current Liabilities and Provisions	466,287		8,933,088	
(d) Increase in Inter Corporate Deposits Given	-		-	
(e) Inter Corporate Deposits Repaid from Companies	106,730,000		141,718,500	
(f) Decrease in Interest Accrued on Inter Corporate Deposits Taken	8,567,436		98,458,815	
(g) Increase in Interest Receivable	-		3,057,461	
(h) Increase in advances recoverable in cash or in kind	-		-	
		121,763,723		253,055,792
		4,403,235		(1,023,798)
<u>Add/(Less) :</u>				
(a) Direct Tax Adjustments		(5,041,523)		(3,732,351)
Net (Outflow) from Operating Activities		(638,288)		(4,756,149)

MUKAND GLOBAL FINANCE LIMITED

Cash Flow Statement (Contd.)

	2010-2011		2009-2010	
	Rs.	Rs.	Rs.	Rs.
B. Cash Flow Arising from Investing Activities				
<u>Inflow :</u>				
(a) Sale of Fixed Assets	220,000		-	
(b) Sale of Investments	-		1,944,154	
(c) Dividend Received on Investments	<u>46,500</u>	<u>266,500</u>	<u>47,300</u>	<u>1,991,454</u>
<u>Deduct Outflow :</u>				
(a) Acquisition of Fixed assets	-		65,520	
(b) Purchase of Shares as Investment	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>65,520</u>
Net Cash Inflow from Investing Activities		<u><u>265,500</u></u>		<u><u>1,925,934</u></u>
Net (Decrease) in Cash / Cash Equivalents		<u><u>(372,788)</u></u>		<u><u>(2,830,215)</u></u>
Add : Balance at the beginning of the year		<u><u>1,835,912</u></u>		<u><u>4,666,127</u></u>
Cash / Cash Equivalents at the close of the year		<u><u>1,463,124</u></u>		<u><u>1,835,912</u></u>

As per our attached report of even date
For and on behalf of
R. K. Chaudhary & Associates
Chartered Accountants

Vinod S. Shah
Chairman

R. K. Chaudhary
Proprietor
M.No.035487

S. B. Jhaveri
Direcor

K. J. Mallya
Direcor

Mumbai, 24th May, 2011

Mumbai, 24th May, 2011

MUKAND GLOBAL FINANCE LIMITED

Annexure I

(Amount in Rupees)

Sr. No.	Nature of Transactions	2010-2011			2009-2010		
		Related Parties as Described in Note 12(b)			Related Parties as Described in Note 12(b)		
		a(i)	a(ii)	a(iii)	a(i)	a(ii)	a(iii)
1	Sales - Service Charges						
	i) Mukand Limited	5,947,680	-	-	6,464,365	-	-
	ii) Mukand Engineers Limited	-	-	300,000	-	-	300,000
2	Payment - Reimbursement of Expenses						
	i) Mukand Limited	112,473	-	-	61,625	-	-
	ii) Conquest Investment & Finance Limited	-	-	-	-	-	4,400
3	Investments & Finance						
	a) <u>Inter Corporate Deposits Given</u>						
	i) Catalyst Finance Limited	-	-	-	-	-	5,995,000
	ii) Conquest Investment & Finance Limited	-	-	-	-	-	14,380,000
	iii) Fusion Investment & Finance Limited	-	-	-	-	-	5,300,000
	iv) Lineage Investment Limited	-	-	-	-	-	13,145,000
	v) Primus Investment & Finance Limited	-	-	-	-	-	8,645,000
	vi) Econium Investments & Finance Ltd	-	-	-	-	-	6,035,000
	vii) Vidyavihar Containers Limited	-	19,600,000	-	-	13,400,000	-
	viii) Mukand Vini Mineral Limited	-	-	1,400,000	-	-	-
	b) <u>Secured Loans Given - Repaid</u>						
	i) Stainless India Limited	-	-	60,850,000	-	-	-
	c) <u>Unsecured Loans Given</u>						
	i) Stainless India Limited	-	-	-	-	-	6,250,000
	d) <u>Inter Corporate Deposits Given - Repaid</u>						
	i) Catalyst Finance Limited	-	-	30,260,000	-	-	125,043,000
	ii) Conquest Investment & Finance Limited	-	-	12,100,000	-	-	54,250,000
	iii) Fusion Investment & Finance Limited	-	-	44,400,000	-	-	31,025,000
	iv) Lineage Investment Limited	-	-	-	-	-	30,770,000
	v) Primus Investment & Finance Limited	-	-	810,000	-	-	39,800,000
	vi) Econium Investments & Finance Ltd	-	-	18,000,000	-	-	42,800,000
	vii) Vidyavihar Containers Limited	-	13,300,000	-	-	100,000	-
	e) <u>Inter Corporate Deposits / Loans Taken</u>						
	i) Jamnalal Sons Private Limited	-	-	122,500,000	-	-	120,550,000
	ii) Bombay Forgings Limited	-	-	6,200,000	-	-	5,000,000
	iii) Mukand Limited	-	-	-	7,000,000	-	-
	f) <u>Inter Corporate Deposits / Loans Taken - Repaid</u>						
	i) Mukand Limited	6,000,000	-	-	1,000,000	-	-
	ii) Jamnalal Sons Private Limited	-	-	122,500,000	-	-	328,850,000
	iii) Vidyavihar Containers Limited	-	-	-	-	275,000,000	-
	iv) Bombay Forgings Limited	-	-	6,200,000	-	-	6,250,000
	g) <u>Interest Expenses Booked</u>						
	i) Jamnalal Sons Private Limited	-	-	3,006,740	-	-	9,039,809
	ii) Vidyavihar Containers Limited	-	-	-	-	3,782,007	-
	iii) Bombay Forgings Limited	-	-	183,452	-	-	707,671
	h) <u>Interest Income Booked</u>						
	i) Catalyst Finance Limited	-	-	4,255,221	-	-	6,226,202
	ii) Conquest Investment & Finance Limited	-	-	9,081,301	-	-	9,526,648
	iii) Econium Investment & Finance Limited	-	-	9,387,162	-	-	10,886,832
	iv) Fusion Investment & Finance Limited	-	-	11,809,775	-	-	14,456,414
	v) Lineage Investment Limited	-	-	19,314,463	-	-	19,642,406
	vi) Primus Investment & Finance Limited	-	-	11,246,361	-	-	11,513,290
	vii) Vidyavihar Containers Limited	-	544,750	-	-	161,689	-
	viii) Mukand Vini Mineral Limited	-	-	26,235	-	-	-
	i) <u>Provision for Non-Performing Assets (NPA) - Expenses</u>						
	i) Stainless India Limited	-	-	-	-	-	25,000,000
	j) <u>Share Application Money Paid</u>						
	i) Mukand Vini Mineral Limited	-	-	-	-	-	1,000
	k) <u>Provision for Non-Performing Assets Written Back - Income</u>						
	i) Stainless India Limited	-	-	30,425,000	-	-	-

MUKAND GLOBAL FINANCE LIMITED

(Amount in Rupees)

Sr. No.	Nature of Transactions	2010-2011			2009-2010		
		Related Parties as Described in Note 12(b)			Related Parties as Described in Note 12(b)		
		a(i)	a(ii)	a(iii)	a(i)	a(ii)	a(iii)
4	Outstanding balances at the close of the year						
	a) <u>Inter Corporate Deposits - Payables (Incl. Interest)</u>						
	i) Mukand Limited	164,387,382	-	-	170,387,382	-	-
	ii) Bombay Forgings Limited	-	-	-	-	-	646,439
	b) <u>Fee Based Income & Other Receivables</u>						
	i) Mukand Limited	656,030	-	-	1,445,738	-	-
	ii) Mukand Engineers Limited	-	-	33,095	-	-	60,110
	c) <u>Secured Loans Given</u>						
	i) Stainless India Limited	-	-	64,150,000	-	-	125,000,000
	d) <u>Inter Corporate Deposits - Receivable (Incl. Interest)</u>						
	i) Catalyst Finance Limited	-	-	37,420,129	-	-	68,318,522
	ii) Conquest Investment & Finance Limited	-	-	112,873,882	-	-	123,432,227
	iii) Econium Investment & Finance Limited	-	-	120,099,058	-	-	138,890,211
	iv) Fusion Investment & Finance Limited	-	-	147,263,830	-	-	192,577,862
	v) Lineage Investment Limited	-	-	253,662,943	-	-	251,413,029
	vi) Primus Investment & Finance Limited	-	-	149,568,303	-	-	148,915,908
	vii) Vidyavihar Containers Limited	-	-	19,881,082	-	-	13,461,689
	viii) Mukand Vini Mineral Limited	-	-	1,426,235	-	-	-
	e) <u>Provision for NPA as per RBI Prudential Norms</u>						
	i) Stainless India Limited	-	-	32,075,000	-	-	62,500,000
	f) <u>Reimbursement of Expenses Payable</u>						
	i) Mukand Limited	-	-	11,941	-	-	-

MUKAND GLOBAL FINANCE LIMITED

Annexure - II

**Schedule to the
Balance Sheet of a non-deposit taking non-banking financial company
[as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit
Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]**

(Amount in Rupees)

	Particulars		
	Liabilities side :		
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount out-standing	Amount overdue
	(a) Debentures : Secured	Nil	Nil
	: Unsecured	Nil	Nil
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	Nil	Nil
	(d) Inter-corporate loans and borrowing	803,123,323	164,977,682
	(e) Commercial Paper	Nil	Nil
	(f) Other Loans (specify nature)		
	(1) Loan from a Company against Hypothecation of Assets	Nil	Nil
	(2) Overdraft from Bank against pledge of security	Nil	Nil
	(3) Loan from Banks	Nil	Nil
	* Please see Note 1 below		
	Assets side :		
		Amount outstanding	
(2)	Break-up of Loans and Advances including bills receivable [other than those included in (4) below] :		
	(a) Secured (Net of Provision)		32,075,000
	(b) Unsecured (includes loans to employees)		883,823,749
(3)	Break up of Leased Assets and stock on hire and and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease		Nil
	(b) Operating lease		Nil
	(ii) Stock on hire including hire charges under sundry debtors :		
	(a) Assets on hire		Nil
	(b) Repossessed Assets		Nil

MUKAND GLOBAL FINANCE LIMITED

	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	Nil
	(b) Loans other than (a) above	Nil
(4)	Break-up of Investments : Current Investments : 1. Quoted : <div> (i) Shares : (a) Equity Nil (b) Preference Nil </div> <div> (ii) Debentures and Bonds Nil </div> <div> (iii) Units of mutual funds Nil </div> <div> (iv) Government Securities Nil </div> <div> (v) Other (please specify) Nil </div> 2. Unquoted : <div> (i) Shares : (a) Equity Nil (b) Preference Nil </div> <div> (ii) Debentures and Bonds Nil </div> <div> (iii) Units of mutual funds Nil </div> <div> (iv) Government Securities Nil </div> <div> (v) Others (please specify) Nil </div>	
	Long Term Investments : 1. Quoted : <div> (i) Shares : (a) Equity 686,509 (b) Preference Nil </div> <div> (ii) Debentures and Bonds Nil </div> <div> (iii) Units of mutual funds Nil </div> <div> (iv) Government Securities Nil </div> <div> (v) Others (please specify) Nil </div> 2. Unquoted (Net of Provision): <div> (i) Shares : (a) Equity 34,340 (b) Preference 197,760,000 </div> <div> (ii) Debentures and Bonds Nil </div> <div> (iii) Units of mutual funds Nil </div> <div> (iv) Government Securities Nil </div> <div> (v) Others (please specify) Nil </div>	

MUKAND GLOBAL FINANCE LIMITED

(5)	Borrower group-wise classification of assets financed in (2) and (3) above : Please see Note 2 below		
	Category	Amount net of provisions	
		Secured	Unsecured
	1. Related Parties **		
	(a) subsidiaries	-NA-	-NA-
	(b) Companies in the same group	32,075,000	21,000,000
	(c) Other related parties	Nil	753,545,000
	2. Other than related parties	Nil	109,278,749
	Total	32,075,000	883,823,749
(6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : Please see Note 3 below		
	Category	Market value/Break up or fair value or NAV	Book value (net of Provisions)
	1. Related Parties **		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group #	1,000	1,000
	(c) Other related parties #	197,760,000	197,760,000
	2. Other than Related Parties #	2,653,896	719,849
	Total	200,414,896	198,480,849
# Investments in preference shares and unquoted equity shares are shown at cost (net of provision). ** As per Accounting Standard (Please see Note 3)			
(7)	Other Information :		
	Particulars	Amount	
(i)	Gross Non-Performing Assets		
	(a) Related parties	64,150,000	
	(b) Other than related parties	Nil	
(ii)	Net Non-Performing Assets		
	(a) Related parties	32,075,000	
	(b) Other than related parties	Nil	
(iii)	Assets acquired in satisfaction of debt	Nil	

Notes :

- As defined in paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/ fair value / NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

Annexure - III

Items	Current Year	Previous Year
i) CRAR %	17.26%	11.80%
ii) CRAR - Tier I Capital (%)	17.01%	11.80%
iii) CRAR - Tier II Capital (%)	0.24%	0.00%

Exposures	Current Year	Previous Year
Exposure to Real Estate Sector	Nil	Nil

Maturity pattern of certain items of assets and liabilities as on 31st March, 2011

[illegible]

BALANCE SHEET ABSTRACT

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS :

Company CIN

U	6	7	1	2	0	M	H	1	9	7	9	P	L	C	0	2	1	4	1	8
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

 State Code

1	1
---	---

Balance Sheet date

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

Date Month Year

Rs. in '000s

II CAPITAL RAISED DURING THE YEAR (Amount in Rupees Thousand).

Public Issue <table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L	Rights Issue <table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
			N	I	L								
			N	I	L								
Bonus Issue <table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L	Private Placement <table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
			N	I	L								
			N	I	L								

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rupees Thousand).

Total Liabilities <table border="1" style="display: inline-table;"><tr><td>1,176,278</td></tr></table>	1,176,278	Total Assets <table border="1" style="display: inline-table;"><tr><td>1,176,278</td></tr></table>	1,176,278
1,176,278			
1,176,278			
Sources of Funds :			
Paid up Capital <table border="1" style="display: inline-table;"><tr><td>117,495</td></tr></table>	117,495	Reserves and Surplus <table border="1" style="display: inline-table;"><tr><td>261,450</td></tr></table>	261,450
117,495			
261,450			
Secured Loans <table border="1" style="display: inline-table;"><tr><td>N I L</td></tr></table>	N I L	Unsecured Loans <table border="1" style="display: inline-table;"><tr><td>797,333</td></tr></table>	797,333
N I L			
797,333			
Application of Funds :			
Net Fixed Assets <table border="1" style="display: inline-table;"><tr><td>693</td></tr></table>	693	Investments <table border="1" style="display: inline-table;"><tr><td>198,481</td></tr></table>	198,481
693			
198,481			
Net Current Assets <table border="1" style="display: inline-table;"><tr><td>977,046</td></tr></table>	977,046	Miscellaneous Expenditure <table border="1" style="display: inline-table;"><tr><td>N I L</td></tr></table>	N I L
977,046			
N I L			
Accumulated Losses <table border="1" style="display: inline-table;"><tr><td>N I L</td></tr></table>	N I L	Deferred Tax Asset <table border="1" style="display: inline-table;"><tr><td>58</td></tr></table>	58
N I L			
58			

IV PERFORMANCE OF THE COMPANY (Amount in Rupees Thousand).

Turnover <table border="1" style="display: inline-table;"><tr><td>113,236</td></tr></table>	113,236	Total Expenditure <table border="1" style="display: inline-table;"><tr><td>92,608</td></tr></table>	92,608
113,236			
92,608			
Profit / (Loss) before tax <table border="1" style="display: inline-table;"><tr><td>20,628</td></tr></table>	20,628	Profit / (Loss) after tax <table border="1" style="display: inline-table;"><tr><td>20,619</td></tr></table>	20,619
20,628			
20,619			
Earning per Share in Rupees <table border="1" style="display: inline-table;"><tr><td>1.46</td></tr></table>	1.46	Dividend rate % <table border="1" style="display: inline-table;"><tr><td>0.00</td></tr></table>	0.00
1.46			
0.00			

V GENERIC NAMES OF PRINCIPLE PRODUCTS / SERVICES OF THE COMPANY (As per monetary terms)

Products / Services

Being a Finance Company - Not applicable

Registration number 2733067

Mukand International Limited

Directors' report and financial statements

for the year ended 31 March 2011

Mukand International Limited

Company information

Directors	R V Shah	Resigned 16.08.2010
	N R Bajaj	Resigned 16.08.2010
	S V Shah	Resigned 16.08.2010
	H J Bhatia	Resigned 16.08.2010
	A M Kulkarni	
	Pankaj Patel	Appointed 16.08.2010 Resigned 19.11.2010
Secretary	A M Kulkarni	
Company number	2733067	
Registered office	23A Lyttelton Road Hampstead Garden Suburb London N2 0DN	
Auditors	VSP Limited 23A Lyttelton Road Hampstead Garden Suburb London N2 0DN	
Business address	Jafza 6 Ground Floor 11 Jebel Ali Dubai, U.A.E.	

Mukand International Limited

Contents

	Page
Directors' report	1 - 2
Auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 14

Mukand International Limited

Directors' report for the year ended 31 March 2011

The directors present their report and the financial statements for the year ended 31 March 2011.

Principal activity and review of the business

The company ceased trading with effect from 1 April 2010. The turnover during the year under review was US\$ nil as against US\$ 16,016,154 in the previous year.

During the year, the company reduced the paid up share capital by repaying £599,000 to the shareholders.

Results and dividends

The results for the year are set out on page 5.

	<u>Current year</u> 2010-11 US\$	<u>Previous year</u> 2009-10 US\$
Turnover	-	16,016,154
(Loss) / profit before tax	5340	258,496
Tax on profits	=	<u>(70,469)</u>
(Loss) / profit after tax	<u>5340</u>	<u>188,027</u>

The directors have paid an interim dividend amounting to US\$ 240,000.

Subsidiary - Mukand International FZE

As approved by the shareholders in the EGM, the Company sold its entire shareholding in Mukand International FZE, the wholly owned subsidiary, with a paid up share capital of US \$ 1,362,500 (AED 5,000,000) registered in Jebel Ali Free Zone in Dubai, UAE to Mukand Limited, India at par.

Directors

The directors who served during the year are as stated below:

R V Shah	Resigned 16.08.2010
N R Bajaj	Resigned 16.08.2010
S V Shah	Resigned 16.08.2010
H J Bhatia	Resigned 16.08.2010
A M Kulkarni	
Pankaj Patel	Appointed 16.08.2010 Resigned 19.11.2010

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Mukand International Limited

**Directors' report
for the year ended 31 March 2011**

..... continued

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

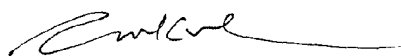
In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

VSP Limited are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 12 May 2011 and signed on its behalf by



A M Kulkarni
Director

**Independent auditor's report to the shareholders of
Mukand International Limited**

We have audited the financial statements of Mukand International Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006.

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Independent auditor's report to the shareholders of
Mukand International Limited**

.....continued



**Mrs. Jayshree Patel (senior statutory auditor)
For and on behalf of VSP Limited
Chartered Accountants & Registered Auditors**

16 May 2011

**23A Lyttelton Road
Hampstead Garden
Suburb
London
N2 0DN**

Mukand International Limited

**Profit and loss account
for the year ended 31 March 2011**

		2011	2010
	Notes	US\$	US\$
Turnover	2	-	16,016,154
Cost of sales		14,085	(15,423,393)
Gross profit		14,085	592,761
Administrative expenses		(19,773)	(404,257)
Other operating income		-	72,752
Operating (loss)/profit	3	(5,688)	261,256
Other interest receivable and similar income	5	351	28,465
Interest payable and similar charges	6	(3)	(31,225)
(Loss)/profit on ordinary activities before taxation		(5,340)	258,496
Tax on (loss)/profit on ordinary activities	8	-	(70,469)
(Loss)/profit for the year	15	(5,340)	188,027
Retained profit brought forward		255,776	467,749
Reserve Movements		(240,000)	(400,000)
Retained profit carried forward		10,436	255,776

There are no recognised gains or losses other than the profit or loss for the above two financial years.

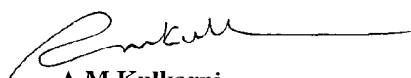
The notes on pages 8 to 14 form an integral part of these financial statements.

Mukand International Limited

**Balance sheet
as at 31 March 2011**

	Notes	2011		2010	
		US\$	US\$	US\$	US\$
Fixed assets					
Investments	11		-		1,362,500
Current assets					
Debtors	12	5,990		311,441	
Cash at bank and in hand		36,556		337,891	
		42,546		649,332	
Creditors: amounts falling due within one year	13	(30,468)		(770,856)	
Net current assets/(liabilities)			12,078		(121,524)
Total assets less current liabilities			12,078		1,240,976
Net assets			12,078		1,240,976
Capital and reserves					
Called up share capital	14		1,642		985,200
Profit and loss account	15		10,436		255,776
Shareholders' funds	16		12,078		1,240,976

The financial statements were approved by the Board on 12 May 2011 and signed on its behalf by



A M Kulkarni
Director

Registration number 2733067

The notes on pages 8 to 14 form an integral part of these financial statements.

Mukand International Limited

**Cash flow statement
for the year ended 31 March 2011**

	Notes	2011 US\$	2010 US\$
Reconciliation of operating (loss)/profit to net cash outflow from operating activities			
Operating (loss)/profit		(5,688)	261,256
Depreciation		-	648
Decrease in debtors		305,451	6,067,372
(Decrease) in creditors		(670,004)	(4,745,013)
Net cash outflow from operating activities		<u>(370,241)</u>	<u>1,584,263</u>
Cash flow statement			
Net cash outflow from operating activities		(370,241)	1,584,263
Returns on investments and servicing of finance	19	348	(2,760)
Taxation	19	(70,384)	(118,285)
Capital expenditure	19	-	1,719
Acquisitions and disposals	19	1,362,500	(1,090,000)
		<u>922,223</u>	<u>374,937</u>
Equity dividends paid		(240,000)	(400,000)
Share capital repaid		(983,558)	-
Decrease in cash in the year		<u>(301,335)</u>	<u>(25,063)</u>
Reconciliation of net cash flow to movement in net debt (Note 20)			
Decrease in cash in the year		(301,335)	(25,063)
Net funds at 1 April 2010		<u>337,891</u>	<u>362,954</u>
Net funds at 31 March 2011		<u>36,556</u>	<u>337,891</u>

Mukand International Limited

**Notes to the financial statements
for the year ended 31 March 2011**

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings
and equipment - 25% straight line

1.4. Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

1.5. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

2. Turnover

	2011	2010
	US\$	US\$
Geographical market		
Europe	-	2,247,415
Rest of the World	-	13,768,739
	<u>-</u>	<u>16,016,154</u>

3. Operating (loss)/profit

	2011	2010
	US\$	US\$
Operating (loss)/profit is stated after charging:		
Depreciation and other amounts written off tangible assets	-	866
Auditors' remuneration (Note 4)	2,000	9,600
	<u>2,000</u>	<u>9,600</u>
and after crediting:		
Profit on disposal of tangible fixed assets	-	218
Net foreign exchange gain	13,312	(20,728)
	<u>13,312</u>	<u>(20,728)</u>

Mukand International Limited

**Notes to the financial statements
for the year ended 31 March 2011**

..... continued

4. Auditors' remuneration

	2011	2010
	US\$	US\$
Auditors' remuneration - audit of the financial statements	2,000	9,600

5. Interest receivable and similar income

	2011	2010
	US\$	US\$
Bank interest	351	755
Other interest	-	27,710
	<u>351</u>	<u>28,465</u>

6. Interest payable and similar charges

	2011	2010
	US\$	US\$
Interest payable on loans < 1 yr	3	31,225

7. Employees

There were no employees during the year apart from the directors.

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2011	2010
Administration	2	7
Selling and distribution	-	2
	<u>2</u>	<u>9</u>

Employment costs

	2011	2010
	US\$	US\$
Wages and salaries	-	65,864
	<u>-</u>	<u>65,864</u>

Mukand International Limited
Notes to the financial statements
for the year ended 31 March 2011

..... continued

8. Tax on (loss)/profit on ordinary activities

Analysis of charge in period	2011	2010
	US\$	US\$
Current tax		
UK corporation tax	-	70,469
	<u> </u>	<u> </u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28.00 per cent). The differences are explained below:

	2011	2010
	US\$	US\$
(Loss)/profit on ordinary activities before taxation	(5,340)	258,496
	<u> </u>	<u> </u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.00% (31 March 2010 : 28.00%)	(1,495)	72,379
Effects of:		
Expenses not deductible for tax purposes	-	(1,910)
Utilisation of tax losses	1,495	-
	<u> </u>	<u> </u>
Current tax charge for period	-	70,469
	<u> </u>	<u> </u>

9. Dividends

Dividends paid and proposed on equity shares

	2011	2010
	US\$	US\$
Paid during the year:		
Equity dividends on Ordinary shares	240,000	400,000
	<u> </u>	<u> </u>
	240,000	400,000
	<u> </u>	<u> </u>

Mukand International Limited

**Notes to the financial statements
for the year ended 31 March 2011**

..... continued

10. Tangible fixed assets	Fixtures, fittings and equipment US\$	Total US\$
Cost		
At 1 April 2010	11,999	11,999
At 31 March 2011	11,999	11,999
Depreciation		
At 1 April 2010	11,999	11,999
At 31 March 2011	11,999	11,999
Net book values		
At 31 March 2011	-	-
At 31 March 2010	-	-

11. Fixed asset investments	Subsidiary undertakings shares US\$	Total US\$
Cost		
At 1 April 2010	1,362,500	1,362,500
Disposals	(1,362,500)	(1,362,500)
At 31 March 2011	-	-
Net book values		
At 31 March 2011	-	-
At 31 March 2010	1,362,500	1,362,500

12. Debtors	2011 US\$	2010 US\$
Trade debtors	-	251,740
Amounts owed by group undertakings	-	43,214
Other debtors	5,990	14,699
Prepayments and accrued income	-	1,788
	<u>5,990</u>	<u>311,441</u>

Mukand International Limited

Notes to the financial statements
for the year ended 31 March 2011

..... continued

13. Creditors: amounts falling due within one year	2011 US\$	2010 US\$
Trade creditors	-	18,228
Amounts owed to group undertaking	25,000	642,228
Corporation tax	-	70,384
Other taxes and social security costs	2,468	169
Accruals and deferred income	3,000	39,847
	<u>30,468</u>	<u>770,856</u>
14. Share capital	2011 US\$	2010 US\$
Authorised		
1,200,000 of £1 each	<u>1,970,000</u>	<u>1,970,000</u>
Allotted, called up and fully paid		
1,000 of £1 each	<u>1,642</u>	<u>985,200</u>
Equity Shares		
1,000 of £1 each	<u>1,642</u>	<u>985,200</u>

The share capital was converted into United States Dollars at the fixed rate of US\$ 1.642 to £1 on 1st April 1997. The ultimate liability to shareholders, however, remains in sterling. If at any time this translation results in a statement of reduced liability compared with the rate of exchange current at the date of the balance sheet, a transfer will be made to non-distributable reserves in order to maintain the sterling value of the share capital.

During the year the company repaid US\$ 983,558 of its ordinary share capital.

15. Equity Reserves	Profit and loss account US\$	Total US\$
At 1 April 2010	255,776	255,776
Loss for the year	(5,340)	(5,340)
Equity Dividends	(240,000)	(240,000)
At 31 March 2011	<u>10,436</u>	<u>10,436</u>

Mukand International Limited

**Notes to the financial statements
for the year ended 31 March 2011**

..... continued

16. Reconciliation of movements in shareholders' funds	2011 US\$	2010 US\$
(Loss)/profit for the year	(5,340)	188,027
Dividends	(240,000)	(400,000)
	(245,340)	(211,973)
Share capital repaid	(983,558)	-
Net addition to shareholders' funds	(1,228,898)	(211,973)
Opening shareholders' funds	1,240,976	1,452,949
Closing shareholders' funds	<u>12,078</u>	<u>1,240,976</u>

17. Related party transactions

At the balance sheet date US\$25,000 (2010 - US\$ 478,180) was due to Mukand International FZE, a wholly owned subsidiary of the ultimate parent company, Mukand Limited.

18. Ultimate parent undertaking

The ultimate parent company and controlling party is Mukand Limited, a company incorporated in India.

Mukand International Limited

**Notes to the financial statements
for the year ended 31 March 2011**

..... continued

19. Gross cash flows

	2011	2010
	US\$	US\$
Returns on investments and servicing of finance		
Interest received	351	28,465
Interest paid	(3)	(31,225)
	<u>348</u>	<u>(2,760)</u>
Taxation		
Corporation tax paid	(70,384)	(118,285)
Capital expenditure		
Receipts from sales of tangible assets	-	1,719
Acquisitions and disposals		
Receipts on disposal of group interests	1,362,500	-
Payments on acquisition of group interests	-	(1,090,000)
	<u>1,362,500</u>	<u>(1,090,000)</u>

20. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	US\$	US\$	US\$
Cash at bank and in hand	337,891	(301,335)	36,556
Net funds	<u>337,891</u>	<u>(301,335)</u>	<u>36,556</u>

MUKAND INTERNATIONAL FZE

Financial Statements
31 March 2011

<u>CONTENTS</u>	<u>PAGE</u>
Directors' Report	1
Auditors' Report	2
Statement of Financial Position	3
Statement of Income	4
Statement of Changes in Equity	5
Statement of Cash Flow	6
Notes to the Financial Statements	7 - 11

MUKAND INTERNATIONAL FZE**Report of the Directors***for the year ended 31 March 2011*

The directors present their report and the financial statements for the year ended 31 March 2011.

Principal activities and review of the business

The principal activity of the company is to "Trade in Steel products" viz. wire rods, bright bars, bars, wires, blooms, billets, forgings, flanges, scrap, inputs for steel manufacture and nickel. The sale of the company's products is worldwide. The turnover during the financial year 2010-11 was US\$ 27,610,574 as against US\$ 5,727,888 for the previous year. The global recession, which had hit the world economy including the stainless steel business in 2008-09, has shown signs of easing leading to increase in the demand. The demand growth is much slower in the western world, as compared with the nations in Far East.

The prices of the major inputs for stainless steel were very volatile during the year. Nickel, one of the major inputs, which moved from a level of US\$ 9,730 per MT to US\$ 25,000 per MT during the year 2009-10, fluctuated during the year under review (FY 2010-11), between USD 18,800 to USD 29,100 per MT and was at USD 27,000 at 31st March 2011. Similarly prices for other inputs like ferro alloys, melting scrap etc. also hardened during the year.

Results and dividends

The results for the year are set out on page 4 & 5 of the financial statements.

	2011	2010
	<u>US \$</u>	<u>US \$</u>
<i>Turnover</i>	27,610,574	5,727,888
<i>Profit on ordinary activities</i>	198,932	26,713

The directors recommend a dividend of USD 50,000 for the year.

Outlook and prospects for 2011-12

The worldwide SS market is expected to further recover during the current year. The overall positive recovery could lead to hardening of prices of most of the inputs. This may bring pressure on the margins. The Company expects a growth in its business, leading to a turnover of USD 30-35 Millions. The business in European market has been well established and shall grow further.

Directors

The directors who served during the year were:

Mr. Rajesh V Shah	Chairman
Mr. Niraj R Bajaj	Director
Mr. Suketu V Shah	Director
Mr. Arvind M Kulkarni	Director

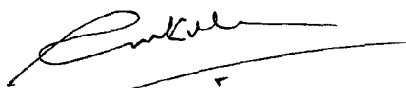
Parent Company

Consequent to the sale of 100 % shares by Mukand International Ltd. UK, to Mukand Ltd., India, the latter is the parent of this Company.

Auditors

The financial statements have been audited by KSI Shah & Associates who retire and, being eligible, offer themselves for re-appointment. A resolution proposing appointment of the auditors shall be put up in the annual general meeting.

This report was approved by the Board on 15 April 2011 and signed on its behalf by



A. M. Kulkarni
Director



**Auditors' Report to the Shareholder of
MUKAND INTERNATIONAL FZE**

Report on the financial statements

We have audited the accompanying financial statements of **MUKAND INTERNATIONAL FZE**, which comprise the statement of financial position as of 31 March 2011, and the statement of income, the statement of changes in equity and the statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentations of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility:

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

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

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

Opinion:

In our opinion, the financial statements, present fairly, in all material respects, the financial position of **MUKAND INTERNATIONAL FZE** as of 31 March 2011 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the implementing rules and regulations issued by the Jebel Ali Free Zone Authority.

Other matters

We also confirm that, in our opinion, proper books of account have been kept by the establishment and the financial statements are in agreement with the books of account. To the best of our knowledge and belief no violations of the Regulation No.1/92 issued by the Jebel Ali Free Zone Authority pursuant to Law No. 9 of 1992 have occurred during the year, which would have had a material effect on the business of the concern or on its financial position.

KSI Shah & Associates

CHARTERED ACCOUNTANTS

Dubai

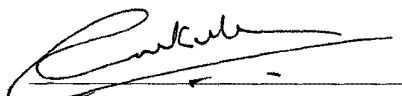
15 April 2011

MUKAND INTERNATIONAL FZE

Statement of Financial Position
31 March 2011

	<i>Notes</i>	<i>2011 US \$</i>	<i>2010 US \$</i>
ASSETS			
Non-current asset			
Fixed assets	3	<u>2,460</u>	<u>3,364</u>
Current assets			
Trade and other receivables	4	3,316,420	1,581,279
Prepayments		90,160	949
Cash and bank balances	5	<u>597,465</u>	<u>1,690,531</u>
Total current assets		<u>4,004,045</u>	<u>3,272,759</u>
Total assets		<u>4,006,505</u>	<u>3,276,123</u>
EQUITY AND LIABILITIES			
Capital & reserves			
Shareholder's funds			
Share capital	6	1,362,500	1,362,500
Retained earnings		169,704	20,772
Proposed dividend		<u>50,000</u>	<u>-</u>
Total shareholder's funds		<u>1,582,204</u>	<u>1,383,272</u>
Non-current liability			
Staff end of service gratuity		<u>4,983</u>	<u>417</u>
Current liabilities			
Trade and other payables	7	<u>2,419,318</u>	<u>1,892,434</u>
Total equity and liabilities		<u>4,006,505</u>	<u>3,276,123</u>

The notes on pages 7 to 11 form an integral part of these financial statements.



Director

MUKAND INTERNATIONAL FZE

Statement of Income
for the year ended 31 March 2011

	<i>Notes</i>	<i>2011 US \$</i>	<i>2010 US \$</i>
Sales		27,610,574	5,727,888
Cost of sales		<u>(26,492,181)</u>	<u>(5,601,239)</u>
Gross profit		1,118,393	126,649
Other income		34,732	-
Expenses	8	<u>(954,193)</u>	<u>(99,936)</u>
Net profit for the year		<u>198,932</u>	<u>26,713</u>

The notes on pages 7 to 11 form an integral part of these financial statements.

MUKAND INTERNATIONAL FZE

Statement of Changes in Equity
for the year ended 31 March 2011

	<i>Share Capital US \$</i>	<i>Retained earnings / accumulated losses US \$</i>	<i>Proposed Dividend US \$</i>	<i>Total US \$</i>
As at 31 March 2009	272,500	(5,941)	-	266,559
Addition during the year	1,090,000	-	-	1,090,000
Profit for the year-2009-2010	-	<u>26,713</u>	-	<u>26,713</u>
As at 31 March 2010	1,362,500	20,772	-	1,383,272
Profit for the year-2010-2011	-	198,932	-	198,932
Proposed dividend	-	<u>(50,000)</u>	<u>50,000</u>	-
As at 31 March 2011	<u>1,362,500</u>	<u>169,704</u>	<u>50,000</u>	<u>1,582,204</u>

The notes on pages 7 to 11 form an integral part of these financial statements.

MUKAND INTERNATIONAL FZE

Statement of Cash Flow
for the year ended 31 March 2011

	<i>Notes</i>	2011 US \$	2010 US \$
<u>Cash flows from operating activities</u>			
Net profit for the year		198,932	26,713
Adjustments for:			
Depreciation		904	249
Finance charges		63,741	-
Management fees		30,000	-
Provision for staff end of service gratuity		4,566	417
Operating profit / (loss) before working capital changes		298,143	27,379
(Increase)/Decrease in trade, other receivables & prepayments		(1,824,352)	(1,311,154)
Increase/(Decrease) in trade and other payables		526,884	1,808,217
Net cash from/ (used in) operating activities		(999,325)	524,442
Management fees paid		(30,000)	-
Finance charges paid		(63,741)	-
Cash generated from/(used in) operating activities		(1,093,066)	524,442
<u>Cash flows from investing activities</u>			
Payment for purchase of fixed assets		-	(3,613)
Net placement of deposits		-	(13,625)
Net cash from/(used in) investing activities		-	(17,238)
<u>Cash flows from financing activities</u>			
Share capital introduced		-	1,090,000
Net cash from/ (used in) financing activities		-	1,090,000
Net increase/(decrease) in cash and cash equivalents		(1,093,066)	1,597,204
Cash and cash equivalents at beginning of the year		1,676,906	79,702
Cash and cash equivalents at end of the year	9	583,840	1,676,906

The notes on pages 7 to 11 form an integral part of these financial statements.

MUKAND INTERNATIONAL FZE**Notes to the Financial Statements
for the year ended 31 March 2011****1. Legal status and business activity**

- a) **MUKAND INTERNATIONAL FZE** is a limited liability free zone establishment incorporated on 21 September 2008 in the Jebel Ali Free Zone pursuant to Law No. 9 of 1992 and implementing Rules and Regulations issued there under by the Jebel Ali Free Zone Authority. The registered address of the establishment is P O Box 262832, Ground floor LOB 6, Jebel Ali Free Zone, Dubai, U.A.E.
- b) In terms of resolution dated 20 September 2010 regarding sale of shares, the legal shareholding / ownership of the establishment has been changed from Mukand International Limited, United Kingdom to Mukand Limited, India at face value of the shares.
- c) The establishment's object is to trade in steel products viz. wire rods, bright bars, bars, wires, blooms, billets, forgings, flanges, scrap, inputs for steel manufacture and nickel. The sale of the establishment's product is mainly outside United Arab Emirates sourcing mainly from related parent Shareholder Company in India.

2. Significant accounting policies**Basis of preparation**

The financial statements have been prepared in accordance with the International Accounting Standards, and the applicable implementing rules and regulations issued by the Jebel Ali Free Zone Authority. These financial statements have been prepared under the historical cost convention.

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in note 4 and 7.

The financial statements have been presented in US Dollars and the accounting policies in dealing with items that are considered material in relation to the establishment's financial statements are as follows:

Depreciation of fixed assets

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life of 4 years.

Trade and other receivables

Receivables are stated at original invoice amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable and provided for in the accounts. Bad debts are written off when there is no possibility of recovery.

MUKAND INTERNATIONAL FZE

Notes to the Financial Statements
for the year ended 31 March 2011

Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether invoiced by the supplier or not.

Staff end of service benefits

The concern provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service. The expected costs of these benefits are accrued over the period of employment.

Revenue

Revenue is recognized to the extent it is possible that the economic benefits will flow to the concern and the revenue can be reliably measured. Revenue is reduced for estimated returns, rebates and other similar allowances. Revenue from sales of goods are recognized when the concern has delivered products to the customer; the customer has accepted the products; and collectability of the related receivables is reasonably assured.

Foreign currency conversion

Transactions in foreign currencies are converted to US Dollars at rates ruling when the transactions are entered into. Balances in foreign currencies are translated to US Dollars at the rate of exchange prevailing at the date of statement of financial position. The resulting exchange difference is taken to statement of income.

Cash and cash equivalents

Cash and cash equivalents for the purpose of the statement of cash flow comprise of cash, bank current accounts, and deposits free of encumbrance with a maturity date of three months or less from the date of deposits and highly liquid investments with a maturity date of three months or less from the date of investment.

3. Fixed assets	Office equipment
	US \$
Cost	
As at 01.04.2010	3,613
As at 31.03.2011	<u>3,613</u>
Depreciation	
As at 01.04.2010	249
Charge for the year	904
As at 31.03.2011	<u>1,153</u>
Net book value	
As at 31.03.2011	<u>2,460</u>
As at 31.03.2010	<u>3,364</u>

MUKAND INTERNATIONAL FZE

Notes to the Financial Statements
for the year ended 31 March 2011

	2011 US\$	2010 US\$
4. Trade and other receivables		
Trade receivables	3,186,778	1,019,667
Due from a related party (<i>funding account</i>)	25,000	478,180
Advance to a staff	14,715	13,898
Deposits	89,927	69,534
	<u>3,316,420</u>	<u>1,581,279</u>

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on anticipated recovery rates.

As at 31 March 2011, the ageing of trade receivables is as follows:

	Total US\$	< 30 Days US\$	31-60 Days US\$	60-120 Days US\$	120-180 Days US\$	>180 Days US\$
Total amount	3,186,778	2,143,200	821,225	202,728	17,521	2,104

The concern's average credit period is 90 days after which trade receivables are considered to be past due. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. The concern obtains insurance cover where available as cover over receivables and no other collateral obtained.

	2011 US\$	2010 US\$
5. Cash and bank balances		
Cash on hand	3,835	171
Bank balances in:		
Current accounts	580,005	1,676,735
Margin account	13,625	13,625
	<u>597,465</u>	<u>1,690,531</u>
6. Share capital		
Issued and paid up:		
5 share of AED 1,000,000 (<i>converted @ 3.67</i>)(Refer note 1b)	<u>1,362,500</u>	<u>1,362,500</u>
7. Trade and other payables		
Trade payables @	2,327,900	1,766,248
Advance from customers	73,437	117,026
Accruals	17,981	9,160
	<u>2,419,318</u>	<u>1,892,434</u>

@ includes US\$ 2,140,036 (previous year US\$ 1,687,596) due to a related party on trade account.

The average credit period on purchase of goods is 30 days. The concern has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

MUKAND INTERNATIONAL FZE

Notes to the Financial Statements
for the year ended 31 March 2011

	2011 US \$	2010 US \$
8. Expenses		
Management fees	30,000	-
Salaries and benefits	105,604	17,417
Rent	13,185	3,180
Administration and selling	740,759	65,727
Bank commission & charges	63,741	13,363
Depreciation	904	249
	<u>954,193</u>	<u>99,936</u>
9. Cash and cash equivalents		
Cash on hand	3,835	171
Bank balance in:		
Current accounts	580,005	1,690,360
	<u>583,840</u>	<u>1,690,531</u>

10. Related parties transactions and balances

Related parties comprise the parent company, fellow subsidiaries, directors, companies under common ownership and/or common management control and associates.

At the date of statement of financial position significant balances with related party which are disclosed in note #4 & 7 were as follows:

	Name of related party	2011 US \$ Dr/(Cr)	2010 US \$ Dr/(Cr)
Trade payables	Mukand Limited, India	(2,140,036)	(1,687,596)
Due from a related party funding	Mukand International Limited, United Kingdom & Branch in U.A.E.	25,000	478,180

Funding transactions are unsecured and without any interest charge.

Significant transactions with related parent company during the year were as under:

	2011 US \$	2010 US \$
Purchases	25,494,253	5,337,799
Sales	946,608	42,722
Management fees	30,000	-
Expenses	-	17,177

The terms of transactions are approved / considered by the management to be at arms length.

MUKAND INTERNATIONAL FZE

Notes to the Financial Statements
for the year ended 31 March 2011

11. Financial instruments: Credit, interest rate and exchange rate risk exposures

Credit risk

Financial assets, which potentially expose the establishment to concentrations of credit risk, comprise principally bank current accounts, trade and other receivables and amounts due from related parties. The establishment's bank current accounts are placed with high credit quality financial institutions. Amounts due from related parties, trade and other receivables are stated net of the allowance for doubtful recoveries. As part of establishment's credit risk management, receivable are covered by credit insurance where available. As at 31 March 2011 the establishment's maximum exposure to credit risk from trade receivables situated outside UAE amounted to US\$ 2,230,322 (Previous year US\$ 354,454) due from customers in Italy, Germany and Taiwan countries. At the date of statement of financial position there are no significant concentrations of credit risk to receivables within the country and outside the industry in which the establishment operates.

Interest rate risk

In the absence of bank borrowings and placement of funds there are no interest rate risk.

Liquidity risk

The concern limits their liquidity risk by ensuring bank and other facilities are available. The concern's terms of sales require amounts to be paid within 60 days of the date of sale. Trade payables are normally settled within 30 days of date of purchase.

Exchange rate risk

Except for the following, there are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirhams to which the Dollars is fixed:

	<u>2011</u> <u>US \$</u>	<u>2010</u> <u>US \$</u>
Foreign currency financial assets:		
Trade receivables:		
Australian Dollars	-	46,904
Euro	1,992,622	315,472
Bank balances:		
Euro	195,842	54,005
Australian Dollars	3,502	-
Japanese Yen	2,870	22,305
Foreign currency financial liabilities:		
Trade payables:		
Australian Dollars	-	43,444
Euro	1,360,089	158,149

12. Financial instruments: Fair value

The fair values of the establishment's financial assets, comprising of trade and other receivables and bank balances and financial liabilities, comprising trade and other payables approximate to their carrying values.

13. Comparative figures

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year.

14. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 15 April 2011.

VIDYAVIHAR CONTAINERS LIMITED

39th Annual Report 2010-2011

Board of Directors

Mr. Vinod S. Shah .. Chairman
Mr. U. V. Joshi
Mr. D. M. Merchant
Mr. K. J. Mallya

Auditors

M/s M.M. Nissim & Co Chartered Accountants

Registered Office

Bajaj Bhavan, 3rd Floor,
Jamnalal Bajaj Marg,
226, Nariman Point,
Mumbai 400 021.

Administrative Office

C/o Mukand Ltd,
Thane-Belapur Road,
Dighe,
Thane 400 605.

VIDYAVIHAR CONTAINERS LIMITED

DIRECTORS' REPORT

1. The Directors present the Thirty-ninth Annual Report and Audited Statements of Accounts of the Company for the year ended 31st March, 2011.

2. **Financial Results:**

	(Amount Rs. in Million)	
	Current Year	Previous Year
Income	<u>13.38</u>	<u>12.75</u>
Expenditure	(13.39)	(10.51)
Exceptional item of expenditure	(151.26)	—
Provision for Tax	<u>—</u>	<u>(0.35)</u>
	<u>(164.65)</u>	<u>(10.86)</u>
(Loss) / Profit for the year after Tax and exceptional item of expenditure	(151.27)	1.89
Add / Less :		
Balance Loss brought forward from previous year	(2021.65)	(2,023.54)
Balance Loss carried to the Balance Sheet	<u>(2,172.92)</u>	<u>(2,021.65)</u>

3. **Dividend:**

The Directors do not recommend payment of dividend for the year ended 31st March, 2011 on account of accumulated losses.

4. **Operations:**

Land at Vidyavihar:

Pursuant to the Development Agreement/s for its land at Vidyavihar for a consideration of residential flats to be made available to the Company at the Developer's own cost, activity for construction of the Company's share in the said property has progressively improved for which the Company has also received advances against reservation / allotment of flats.

However, the Developer has failed to fulfill the terms and conditions of the agreement and their contractual obligations under the Agreement/s for which the Company has filed a Winding-up Petition in Bombay High Court, which is pending for disposal.

5. Audit Committee:

As required under Section 292A of the Companies Act, 1956, Audit Committee of the Board of Directors has been constituted.

The members of the Audit Committee are :

- | | | |
|-----------------------|----|----------|
| 1. Mr. Vinod Shah | .. | Chairman |
| 2. Mr. K. J. Mallya | .. | Member |
| 3. Mr. U. V. Joshi | .. | Member |
| 4. Mr. D. M. Merchant | .. | Member |

6. Directors:

The Board of Directors at their meeting held on 12th April 2010 appointed Mr. K. J. Mallya as an Additional Director of the Company with effect from the above date.

Mr. K. J. Mallya holds office upto the date of ensuing Annual General Meeting. Notice has been received from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. K. J. Mallya's candidature as a Director of the Company.

Mr. Umesh V. Joshi and Mr. D. M. Merchant, Directors of the Company retire by rotation and are eligible for re-appointment.

7. Directors' Responsibility Statement:

As required by sub-section 2AA of Section 217 of the Companies Act 1956, the Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures except for accounting of interest of earlier years payable to the Holding Company for which attention is invited to Note No.5 (ii) in Schedule N to the Accounts.
- (ii) provision for doubtful loans of Rs.150,000,000/- as a matter of financial prudence has been provided for during the year for which attention is invited to Note No.6 in Schedule N to the Accounts.
- (iii) non provision of interest receivable out of financial prudence on loans and advances given to Companies whose net worth has eroded for which attention is invited to Note Nos. 6 and 7 in Schedule N to the Accounts.
- (iv) appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the Loss of the Company for the year ended on 31st March, 2011.
- (v) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (vi) the annual accounts have been prepared on a going concern basis.

8. Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of the report on Conservation of Energy and Technology absorption are not applicable to the Company as per Rule 2 of the GSR No. 1029 dated 31.12.1988 as the Company is not engaged in any manufacturing operations.

Foreign Exchange Earnings and Outgo: NIL

9. Particulars Regarding Employees:

There are no employees coming within the purview of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

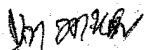
10. Auditors:

M/s. M. M. Nissim & Co., Chartered Accountants, Statutory Auditors of the Company, retire and are eligible for re-appointment.

You are requested to appoint Auditors for the period from the conclusion of the forthcoming Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

11. The observations made in the auditor's report, read together with the relevant notes thereon are self-explanatory and do not call for any comments under Section 217 of the Companies Act, 1956.

For and on behalf of the Board


Vinod S. Shah
Chairman

Place : Mumbai

Date : 10 May, 2011

M. M. NISSIM AND CO. (Regd.)
CHARTERED ACCOUNTANTS

Barodawala Mansion,
B-Wing, 3rd Floor,
81, Dr. Annie Besant Road,
Worli, Mumbai - 400 018.
Tel.: 2494 9991 Fax: 2494 999
E-mail : mail@mmnissim.com
Website: www.mmnissim.com

Ref. _____

Date 10 May 2011

AUDITORS' REPORT

TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **Vidyavihar Containers Limited**, as at 31st March 2011, and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with generally accepted auditing standards 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.
2. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the annexure referred to above, we report that
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) 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;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit & 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 Companies Act, 1956;
 - v) On the basis of written representations received from the Directors as on 31st March 2011 and taken on record by the Board of Directors and on the basis of examination and records of the company, we report and certify that none of the Directors is disqualified as on 31 March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;



vi) Attention is invited to the following notes in schedule N :

- a. The accounts of the company have been prepared on the principles applicable to a going concern as the property development activity has commenced despite substantial carry forward losses incurred.
- b. Non provision of interest to the holding company for the earlier years amounting to Rs.35,70,53,709/- as stated in note no.5 (ii) of the notes forming part of the accounts.
- c. Note no.6 relating to loan given to Stainless India Limited, whose networth has eroded and non-provision of interest income for the year amounting to Rs.3,56,94,000/-. We are unable to make an informed judgment on the adequacy of the cover, provision for doubtful loans and advances and the classification of loan as "Good" and expectation of the full realisability of the exposure in Stainless India Ltd.
- d. Note No.7 relating to Inter Corporate Deposits to certain companies, whose networth has eroded and non-provision of interest income amounting to Rs.44,323,175/- for the year ended 31st March, 2011. We are unable to make an informed judgment on the adequacy of the cover and the classification of loan as "Good" and expectation of the full realisability of the exposures.

We further report that, the aggregate impact resulting out of our observations in para 3 (vi) on the loss for the year, is not quantifiable by us since, the issues involved, are judgmental in nature and we have largely relied upon the judgment of the management on these matters.

4. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts subject to comments in paragraph 3 (vi) above, and read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2011;
 - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.



For M.M. NISSIM AND CO.
Chartered Accountants

(Signature)

Per N. Kashinath
Mumbai, Partner
Membership No.36490
Firm Regn.No.107122W

Annexure referred to in paragraph 2 of our Auditor's Report of even date on the financial statements of Vidyavihar Containers Ltd. for the year ended 31st March, 2011.

- i) In respect of its Fixed Assets:
 - a) The Fixed Assets of the company consists of building for which proper records have been maintained, showing full particulars and situation of Fixed Assets;
 - b) As explained to us, the asset has been physically verified by the management, which in our opinion is reasonable considering the size and the nature of its business. No discrepancies have been noticed on such physical verification.
 - c) The company has not disposed off any substantial part of its Fixed Asset during the year.
- ii) In respect of its inventories:
 - a) The Inventory represented by land has been inspected by the management at reasonable intervals during the year.
 - b) The procedures of inspection of land followed by the management are, in our opinion, reasonable and adequate in relation to the size of the company and nature of its business;
 - c) The company is maintaining proper records in respect of its land. As informed, no discrepancies were noticed on inspection.
- 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 Companies Act, 1956. Accordingly the clauses 4(iii) (b) to (d) 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 Companies Act, 1956. Accordingly the clauses 4(iii) (f) and (g) of the Order are not applicable.
- iv) In our opinion there are adequate internal control procedures commensurate with the size of the company and the nature of its business. The Company has neither made purchases of inventory and fixed assets nor sale of goods and services during the year.
- v) Based on the audit procedure applied by us and according to the information, explanations and representation given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly the clause 4 (v) (b) of the order is not applicable.
- vi) The Company has not accepted any deposits from public to which the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder would apply.



- vii) The company's internal audit system is commensurate with the size and nature of its business.
- viii) The Company is not a manufacturing company and no Cost records have been prescribed under section 209 (1) (d) of the Companies Act, 1956.
- ix)
 - a) The provisions relating to Provident Fund, and Employee's State Insurance are not applicable to the Company. Further, based on our examinations of the records maintained during the year, the Company is not liable to make any payments towards investor education and protection Fund, Sales Tax, Wealth Tax, Customs duty, Service Tax, Excise Duty and Cess. The Company has been regular in depositing Income Tax dues with appropriate authority, to the extent applicable. Undisputed property tax amounting to Rs.96,64,224/- is outstanding payable as at 31st March 2011, which includes an amount of Rs.70,93,703/- outstanding for a period of more than six months from the date they became payable.
 - b) According to the records of the company there are no dues in respect of Income Tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty and Cess, which are disputed, except for disputed Income Tax demands amounting to Rs.18,10,08,334/- pending before appellate authorities, for the Assessment Years 2005-06 and 2006-07.
- x) **The accumulated losses of the company at the end of the financial year are more than fifty percent of its networth.** The company has not incurred cash loss in the current year and in the immediate preceding financial year.
- xi) The company has not taken any loans from any bank or financial institutions and does not have any borrowings by way of debentures.
- xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the company.
- xiv) The company is not dealing or trading in shares, securities, debentures or other investments and hence the requirements of clause 4(xiv) are not applicable to the company.
- xv) According to the information and explanations given to us, the company has given a guarantee to a bank for securing guarantees granted by the bank to a company. In our opinion the terms and conditions whereof, are not prejudicial to the interests of the company.
- xvi) During the year the company has not raised any term loan.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investments.



- xviii) The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.
- xix) The company has not issued any debentures during the year.
- xx) The company has not raised any money by way of public issue during the year.
- xxi) On the basis of our examination and according to the information and explanations given to us, no fraud on or by the company, has been noticed or reported during the year.



For M.M. NISSIM AND CO.
Chartered Accountants

A handwritten signature in black ink, appearing to read "N. Kashinath".

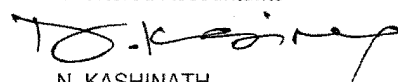
Per N. Kashinath
Mumbai, Partner
Membership No.36490
Firm Regn.No.107122W

VIDYAVIHAR CONTAINERS LIMITED

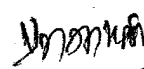
BALANCE SHEET AS AT 31st MARCH 2011

	Schedules	31/03/2011 Rupees	31/03/2010 Rupees
I. SOURCES OF FUNDS			
(1) Shareholders' Funds			
(a) Share Capital	A	1,197,676,200	1,197,676,200
(b) Reserves and Surplus	B	<u>2,688,877</u>	<u>2,688,877</u>
		1,200,365,077	1,200,365,077
(2) Loan Funds			
Unsecured Loans	C	<u>956,237,393</u>	<u>958,605,740</u>
TOTAL		<u>2,156,602,470</u>	<u>2,158,970,817</u>
II. APPLICATION OF FUNDS			
(1) Fixed Assets	D		
(i) Gross Block		4,420,000	4,420,000
(ii) Less: Depreciation		<u>2,658,627</u>	<u>2,510,999</u>
(iii) Net Block		1,761,373	1,909,001
(2) Investments	E	90,250	90,250
(3) Current Assets, Loans and Advances	F		
(a) Stock in Trade		911,881	911,881
(b) Cash and Bank Balances		48,272,264	2,680,020
(c) Loans and Advances		<u>841,478,473</u>	<u>998,074,168</u>
		890,662,618	1,001,666,069
Less :			
Current Liabilities and Provisions	G		
(a) Current Liabilities		905,580,788	863,094,946
(b) Provisions		<u>3,255,000</u>	<u>3,255,000</u>
		908,835,788	866,349,946
Net Current Assets		(18,173,170)	135,316,123
(3) Profit and Loss Account		<u>2,172,924,017</u>	<u>2,021,655,443</u>
TOTAL		<u>2,156,602,470</u>	<u>2,158,970,817</u>
Statement of Significant Accounting Policies adopted by the Company and Notes forming part of the Accounts.	N		

As per our Report of even date attached
For M.M. Nissim & Co
Chartered Accountants

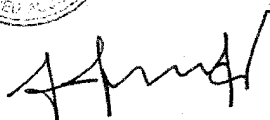

N. KASHINATH
Partner
Membership No.36490

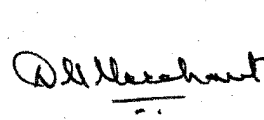


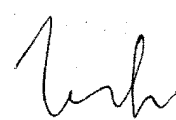

VINOD S. SHAH
Chairman

Mumbai:

Date: 10 May 2011


K. J. MALLYA
Director


D. M. MERCHANT
Director


U. V. JOSHI
Director

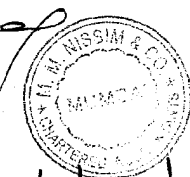
VIDYAVIHAR CONTAINERS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1st APRIL 2010 TO 31st MARCH 2011

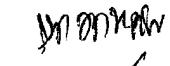
	Schedules	2010-2011 Rupees	2009-2010 Rupees
INCOME			
Income from Property Development Activities	H	13,268,074	7,103,366
Other Income	I	-	74,038
Interest	J	118,514	5,567,907
		<u>13,386,588</u>	<u>12,745,311</u>
EXPENDITURE			
Expenses	K	5,009,391	2,447,952
Payment of taxes to BMC	L	7,693,432	7,678,008
Interest	M	544,750	232,922
Depreciation		147,628	147,628
		<u>13,395,201</u>	<u>10,506,510</u>
(Loss) / Profit for the year before tax		(8,613)	2,238,801
Less: Exceptional item of Expenditure			
a) Interest irrecoverable written-off		(1,259,961)	-
b) Provision for doubtful loans & advances		(150,000,000)	-
(Loss) / Profit for the year before tax (after exceptional item of expenditure)		(151,268,574)	2,238,801
Add: Provision for Tax			
Current (MAT under Sec.115JB of the I.T. Act, 1961)		-	(350,000)
(Loss) / Profit for the year (after tax and exceptional item of expenditure)		(151,268,574)	1,888,801
Balance (Loss) brought forward from previous year		(2,021,655,443)	(2,023,544,244)
Balance carried to the Balance Sheet		<u>(2,172,924,017)</u>	<u>(2,021,655,443)</u>
Basic and diluted earning per share (in Rs.)			
1) Before exceptional item of expenditure		(0.01)	0.16
2) After exceptional item of expenditure		(12.63)	0.16
Statement of Significant Accounting Policies adopted by the Company and Notes forming part of the Accounts.			
	N		

As per our Report of even date attached
For M.M. Nissim & Co
Chartered Accountants


N. KASHINATH
Partner
Membership No.36490




K. J. MALLYA
Director


VINOD S. SHAH
Chairman


D. M. MERCHANT
Director


U. V. JOSHI
Director

Mumbai:

Date: 10 May 2011

VIDYAVIHAR CONTAINERS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE 'A' - SHARE CAPITAL

		31/03/2011 Rupees	31/03/2010 Rupees
AUTHORISED :			
11,990,000	Equity Shares of Rs. 100/- each	1,199,000,000	1,199,000,000
10,000	Preference Shares of Rs. 100/- each	1,000,000	1,000,000
		<u>1,200,000,000</u>	<u>1,200,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP			
11,976,762	Equity Shares of Rs. 100/- each fully paid-up (Entire Capital held by Mukand Ltd. - The Holding Company)	1,197,676,200	1,197,676,200
	(a) Including 7,650 Equity Shares of Rs.100/- each fully paid up issued for consideration otherwise than in cash pursuant to a contract.		
	(b) Including 7,436,982 Equity Shares of Rs.100/- each issued as fully paid up bonus shares on capitalisation of reserves, of which 7,369,188 Equity shares were issued on capitalisation of Revaluation Reserve.		
	TOTAL	<u>1,197,676,200</u>	<u>1,197,676,200</u>

SCHEDULE 'B' - RESERVES AND SURPLUS

		31/03/2011 Rupees	31/03/2010 Rupees
CAPITAL RESERVE :			
	As per last Balance Sheet	2,188,877	2,188,877
CAPITAL REDEMPTION RESERVE :			
	As per last Balance Sheet	500,000	500,000
	TOTAL	<u>2,688,877</u>	<u>2,688,877</u>



for all

VIDYAVIHAR CONTAINERS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE 'C' - UNSECURED LOANS

	Rupees	31/03/2011 Rupees	31/03/2010 Rupees
Short Term Loan :			
<u>From Holding Company</u>	666,188,557		674,968,557
Interest accrued and due.	<u>270,333,040</u>		<u>270,333,040</u>
		936,521,597	945,301,597
<u>Others</u>	19,600,000		13,300,000
Interest accrued and due	<u>115,796</u>		<u>4,143</u>
		19,715,796	13,304,143
		TOTAL	
		<u>956,237,393</u>	<u>958,605,740</u>

SCHEDULE 'D' - FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.04.2010	Additions	Deductions	As at 31.03.11	As at 1.04.2010	For the year	Deduction on Sale/ Transfer	As at 31.03.11	As at 31.03.11	As at 31.3.2010
Building	4,420,000	-	-	4,420,000	2,510,999	147,628	-	2,658,627	1,761,373	1,909,001
Total :	4,420,000	-	-	4,420,000	2,510,999	147,628	-	2,658,627	1,761,373	1,909,001
Previous year's Total :	4,420,000	-	-	4,420,000	2,363,371	147,628	-	2,510,999	1,909,001	



Handwritten signature

VIDYAVIHAR CONTAINERS LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE 'E' - INVESTMENTS, At Cost

	31/03/2011 Rupees	31/03/2010 Rupees
LONG TERM , (UNQUOTED) OTHER THAN TRADE :		
<u>Adore Builders & Developers Pvt Ltd</u>	90,250	90,250
9,000 Equity Shares of Rs.10/- each, fully paid up		
	<u>90,250</u>	<u>90,250</u>

SCHEDULE 'F' - CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	31/03/2011 Rupees	31/03/2010 Rupees
A. CURRENT ASSETS :			
a. STOCK IN TRADE			
Property Development - Land		911,881	911,881
b. CASH & BANK BALANCES:			
Cash on hand		22,359	23,646
Balance with Scheduled Banks:			
In Current Accounts	46,749,905		730,609
includes Rs 46,092,365/- (Previous Year			
Rs 394,138/- held in Escrow)			
In Deposit Account	<u>1,500,000</u>		<u>1,925,765</u>
		<u>48,249,905</u>	<u>2,656,374</u>
Sub Total (A)		<u>49,184,145</u>	<u>3,591,901</u>
B. LOANS AND ADVANCES :			
(Unsecured, considered good, unless otherwise stated)			
Short Term Loans:			
Inter Corporate Deposits			
- Considered Good	726,580,000		910,480,000
- Considered Doubtful	<u>150,000,000</u>		<u>-</u>
	876,580,000		910,480,000
<u>Less: Provision for Doubtful Loans & Advances</u>	<u>150,000,000</u>		<u>-</u>
		<u>726,580,000</u>	<u>910,480,000</u>
Advances recoverable in cash or in kind or for value to be received.		9,698,800	13,911,694
Deposits :			
With Government undertakings		1,221,347	1,221,347
Advance Taxes Paid		103,978,326	72,461,127
Sub Total (B)		<u>841,478,473</u>	<u>998,074,168</u>
TOTAL A + B		<u>890,662,618</u>	<u>1,001,666,069</u>



for self

VIDYAVIHAR CONTAINERS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE 'G' - CURRENT LIABILITIES AND PROVISIONS

	31/03/2011 Rupees	31/03/2010 Rupees
CURRENT LIABILITIES		
Sundry Creditors:		
Micro, Small and Medium Enterprises	-	-
Others	14,542,168	17,747,523
Liabilities for Property Development	890,904,520	845,206,045
Interest accrued but not due	134,100	141,378
	<u>905,580,788</u>	<u>863,094,946</u>
PROVISIONS		
Current Tax (MAT under Section 115JB of Income Tax Act, 1961)	3,255,000	3,255,000
TOTAL	<u><u>908,835,788</u></u>	<u><u>866,349,946</u></u>

Note: There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

SCHEDULE 'H' - INCOME FROM PROPERTY DEVELOPMENT ACTIVITIES

	2010-2011 Rupees	2009-2010 Rupees
1 Recovery of Municipal Property Tax	13,268,074	2,103,366
2 Compensation	-	5,000,000
	<u>13,268,074</u>	<u>7,103,366</u>

SCHEDULE 'I' - OTHER INCOME

	2010-2011 Rupees	2009-2010 Rupees
Sundry Credit Balance appropriated	-	74,038
TOTAL	<u><u>-</u></u>	<u><u>74,038</u></u>



[Handwritten signature]

VIDYAVIHAR CONTAINERS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE 'J' - INTEREST INCOME

	2010-2011 Rupees	2009-2010 Rupees
Interest Income		
1 On Inter Corporate Deposits (Gross)	-	4,781,896
2 On Income Tax Refunds	32,745	688,668
3 Others (Gross)	<u>85,769</u>	<u>97,343</u>
	118,514	5,567,907
TOTAL	<u><u>118,514</u></u>	<u><u>5,567,907</u></u>
Tax deducted at source Rs.17,199/- (Previous Year Rs.891,730/-)		

SCHEDULE 'K' - EXPENSES

	2010-2011 Rupees	2009-2010 Rupees
Salary	-	48,000
<u>Auditors Remuneration</u>		
As auditors	16,545	16,545
As tax auditors	<u>8,273</u>	<u>8,273</u>
	24,818	24,818
Legal and Professional Charges	4,914,474	911,543
Security Charges	-	273,580
Sundry Debit Balance written off	-	1,113,661
Conveyance Expenses	28,004	30,899
Miscellaneous Expenses	42,095	45,451
TOTAL	<u><u>5,009,391</u></u>	<u><u>2,447,952</u></u>

SCHEDULE 'L' - PAYMENT OF TAXES TO BMC

	2010-2011 Rupees	2009-2010 Rupees
Municipal Property Tax	7,693,432	7,678,008
TOTAL	<u><u>7,693,432</u></u>	<u><u>7,678,008</u></u>

SCHEDULE 'M' - INTEREST EXPENSES

	2010-2011 Rupees	2009-2010 Rupees
Others (Gross)		
On Short Term Loans / ICDs	544,750	232,922
TOTAL	<u><u>544,750</u></u>	<u><u>232,922</u></u>



Sch E,F,G,H,I,J,K,L,M

VIDYAVIHAR CONTAINERS LIMITED

SCHEDULE 'N' - Statement of Significant Accounting Policies adopted by the Company and Notes forming part of the accounts

1. Significant Accounting Policies:

Basis of Accounting

The Accounts have been prepared on the historical cost convention, in accordance with the Companies Act, 1956 and the applicable accounting standards notified by the Companies (Accounting Standards) Rules, 2006.

Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

Revenue Recognition

All income and expenditure are accounted on accrual basis. Revenue is generally recognised when no significant uncertainty as to its measurability or realisability exists.

Income from Property Development Activities is recognised in Terms of Agreements with Developers, where applicable, when the construction of the flats and conveyancing of the land is completed.

Fixed Assets

Fixed Assets are stated at their original cost less accumulated depreciation and provision for impairment, if any. The cost includes expenditure incurred in the acquisition and construction / installation and other related expenses in bringing the asset to working condition for its intended use.

Depreciation

Depreciation on Fixed Assets has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Inventories

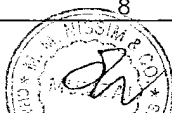
Property Development - Land is valued at lower of Cost and net realisable value.

Income Taxes

Tax expense comprises both current and deferred taxes. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods are recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred Tax assets arising on account of Brought Forward losses and Unabsorbed Depreciation under the tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed, to reassure realisation.

Borrowing costs

Interest and other borrowing costs attributable to the acquisition of or construction of qualifying assets till the date of commercial use of the assets are capitalised. All other borrowing costs are charged to revenue.



Handwritten signature and initials.

VIDYAVIHAR CONTAINERS LIMITED

SCHEDULE N: Contd..

Provisions 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. Where there is a possible obligation or a present obligation and that the likelihood of outflow of resources is remote, no provision or disclosure is made.

2 Contingent Liabilities not provided for:

- a. Income Tax demands disputed and in appeal Rs.181,008,334/- (Rs.181,008,334/-)
- b. Corporate Guarantee on behalf of the Holding Company - Rs.140,229,230/- (Rs.468,539,376/-)
- c. Claims against the Company not acknowledged as debts;
- by the Central Railway in respect of siding maintenance charges etc. - Rs.3,518,182/- (Rs.3,518,182/-)

Notes: Future cash outflows in respect of the above are determinable only on receipt of judgments / decisions pending with various fora / authorities.

- 3 The management plans to, and is hopeful of, reviving in the foreseeable future, economically viable non-industrial commercial activity. The Accounts have been drawn up based on the going concern assumption based on the management's perception of the future of the company.

- 4 i) The Company has entered into a development agreement for its land at Vidyavihar for a consideration of residential flats to be made available to the Company by the Developer at the Developer's own cost and additional consideration as compensation payable for government dues.

- ii) Advances received against reservation/allotment of flats amounting to Rs.596,133,776/- have been included in the Current Liabilities under the head "Liabilities for Property Development" of Schedule 'G' forming part of the accounts. In terms of the second supplemental agreement to the developmental agreement, the developer is to acquire, at his own cost, by way of external procured TDR as defined therein, subject to payment of additional consideration of Rs.25 crore to the Company. Such additional consideration accrued in F.Y.2008-09 together with interest thereon. However, the Developer has failed to pay the additional consideration as required. As a result the Company has filed Winding-up Petition in the Bombay High Court for recovery of the additional consideration (including interest), which is pending for disposal in the Court. Consequently the Company has not accounted for such additional consideration.

As per the accounting policy on income recognition consistently followed by the Company the said amounts will be accounted for in the year in which the possession of constructed flats is handed over and the sale of land is completed.

- iii) Pursuant to the Supplemental Agreement, the Company has received security deposit of Rs.39,000,000/- (net of repayment amounting to Rs.341,000,000/-) from the Developer for due performance of its obligation to construct the residential flats for the Company.

- 5 i) No provision for interest of Rs.112,950,477/- (Rs.113,921,751/-) for the year on certain short term loans obtained from the Holding Company, has been made since it has been waived by the Holding Company.

- ii) A sum of Rs.357,053,709/- remains unprovided towards interest on certain short term loans taken from the Holding Company for the period 1st October 2001 to 31st March 2005.



Handwritten signature and initials.

SCHEDULE N: Contd..

- 6 The Company has loans outstanding of Rs.396,600,000/- (Previous Year - Rs.396,600,000/-) recoverable from Stainless India Ltd. (SIL). The net worth of SIL has eroded.

The Company has not received any amount during the F.Y.2009-10 and F.Y.2010-11. The Company has not provided interest as a matter of financial prudence for the year ended 31-3-2008, 31-3-2009, 31-3-2010 and 31-3-2011 amounting to Rs.42,399,000/-, Rs.41,232,821/-, Rs.35,694,000/- and Rs.35,694,000/- respectively.

As a matter of financial prudence, the Company has provided during the year Rs.150,000,000/- as provision for doubtful loans and advance.

Under the circumstances, being unable to make an informed judgement, the auditors have relied upon the judgement of the management on the adequacy of the cover, provision for doubtful loans and advance and the classification of remaining loan as "Good".

- 7 The Company has loans outstanding of Rs.479,980,000/- (Previous Year - Rs.513,880,000/-) recoverable from certain companies. The net worth of these companies has eroded. As a matter of financial prudence the Company has not recognised revenue though accrued for the year on interest bearing loans granted amounting to Rs.44,323,175/- (Rs.41,806,468/-). Interest revenue recognised in earlier year and outstanding as on 31-3-2011 amounting to Rs.1,259,961/- has been written off in the accounts for the year.

Under the circumstances, being unable to make an informed judgment, the auditors have relied upon the judgment of the Management on the adequacy of the cover and the classification of loan as "Good".

- 8 All assets and liabilities, some of which are subject to confirmation by the parties, are stated at their book values. In the opinion of the Board, all items of Current Assets, Loans and Advance have a realisable value of at least the amounts at which they are stated in the Balance Sheet.

- 9 The Company could not appoint a Company Secretary for part of the year as required under Section 383 A of the Companies Act, 1956, despite efforts made in this regard.

- 10 The Company operates in only one segment namely, property development, and its operations are entirely based within India, accordingly no separate business / geographical segment information is considered necessary.

	Current Year	Previous Year
11 Earning per share:		
No.of Equity Shares Outstanding	11,976,762	11,976,762
Nominal value of shares (in Rs.)	100	100
(Loss) / Profit after Tax before exceptional item of expenditure	(8,613)	1,888,801
(Loss) / Profit after Tax and exceptional item of expenditure	(151,268,574)	1,888,801
Basic and diluted earning per share:		
1) Before exceptional item of expenditure	(0.01)	0.16
2) After exceptional item of expenditure	(12.63)	0.16



VIDYAVIHAR CONTAINERS LIMITED

SCHEDULE N: Contd..

12 Related Party Disclosure:

a. Relationship:

- (i) Holding Company : Mukand Limited
- (ii) Fellow Subsidiaries : Mukand Global Finance Limited
: Mukand International Limited
: Mukand International FZE
: Mukand Vijayanagar Steel Ltd
- (iii) Other related parties where control / significant influence of the Holding Company / Company exists :
Mukand Engineers Limited
Stainless India Limited
Econium Investments and Finance Limited
Lineage Investments Limited
Primus Investments and Finance Limited
Catalyst Finance Ltd
Fusion Investments & Financial Services Ltd
Conquest Investment & Finance Ltd
Jannalal Sons Pvt Ltd

b. Nature of Transactions

	Related parties as referred in					
	a (i) above		a (ii) above		a (iii) above	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Expenditure						
Interest on Short term loan	-	-	544,750	161,689	-	71,233
Income						
Interest on Short term loans	-	-	-	3,782,007	-	999,889
Loans and Advance						
Short term unsecured loan given	-	-	-	-	-	471,250,000
Loans given repaid	-	-	-	275,000,000	33,900,000	134,740,000
Loans taken						
Less: Re-paid during the year	8,780,000	30,000,000	13,300,000	100,000	-	50,000,000
Balance as at the close of the year						
Payables						
Inter corporate deposit *	572,703,798	572,703,798	19,715,796	13,304,143	-	-
Short term unsecured loan *	363,817,799	372,597,799	-	-	-	-
Interest accrued but not due	-	-	134,100	141,378	-	-
Receivables						
Short term unsecured loan	-	-	-	-	876,580,000	910,480,000
Less: Provision for doubtful loans and advances	-	-	-	-	150,000,000	-
Interest Accrued but not due	-	-	-	-	-	-
Interest Accrued and due	-	-	-	-	1,259,961	3,650,714
Less: Interest written off	-	-	-	-	1,259,961	-

* including interest accrued and due thereon



for all

VIDYAVIHAR CONTAINERS LIMITED

SCHEDULE N: Contd..

13 Deferred Tax assets aggregating to Rs.170,144,941/- (Previous Year Rs.184,143,073/-) arising on account of Brought Forward losses and Unabsorbed Depreciation under the tax laws, have not been recognised in the absence of virtual certainty, as the future realisation from property development cannot be ascertained at present.

14 Additional information required under Schedule VI to the Companies Act, 1956 to the extent applicable.

Details of Stock in trade:

Opening Stock - 2010-2011

Rs.
911,881
(911,881)

Closing Stock - 2010-2011

911,881
(911,881)

15 Figures of previous year have been shown in brackets and have been regrouped / reclassified wherever necessary.

As per our Report of even date attached
For M.M. Nissim & Co
Chartered Accountants

N. Kashinath

N. KASHINATH
Partner
Membership No.36490



Vinod S. Shah

VINOD S. SHAH
Chairman

U. V. Joshi

U. V. JOSHI
Director

K. J. Mallya

K. J. MALLYA
Director

D. M. Merchant

D. M. MERCHANT
Director

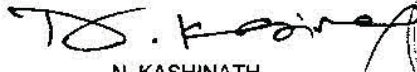
Mumbai :

Date: 10 May 2011

VIDYAVIHAR CONTAINERS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	<u>2010-2011</u>	<u>2009-2010</u>
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX	(8,613)	2,238,801
Adjustment for :		
Depreciation	147,628	147,628
Exceptional item	(151,259,961)	-
Interest	544,750	232,922
Interest Income	(118,514)	(5,567,907)
	(150,686,097)	(5,187,357)
OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES	(150,694,710)	(2,948,556)
Adjustment for :		
Trade and other receivables	184,507,796	42,941,047
Trade Payable & Provision	42,493,120	3,299,960
CASH GENERATED FROM OPERATIONS	76,306,206	43,292,451
Direct Taxes paid	(31,513,981)	(29,489,303)
NET CASH FROM OPERATING ACTIVITIES	44,792,225	13,803,148
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Investments		
Interest Income	3,720,394	1,917,193
NET CASH USED IN INVESTING ACTIVITIES	3,720,394	1,917,193
C. CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings	19,711,653	13,304,143
Repayments	(22,080,000)	(30,000,000)
Interest	(552,028)	(91,544)
NET CASH FROM FINANCING ACTIVITIES	(2,920,375)	(16,787,401)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	45,592,244	(1,067,060)
CASH AND CASH EQUIVALENTS AS AT 31.3.2010	2,680,020	3,747,080
CASH AND CASH EQUIVALENTS AS AT 31.3.2011	48,272,264	2,680,020

As per our Report of even date attached

For M.M. Nissim & Co
Chartered Accountants

 N. KASHINATH
Partner


 VINOD S. SHAH
Chairman

Mumbai :


 K. J. MALLYA
Director


 D. M. MERCHANT
Director


 U. V. JOSHI
Director

Date: 10 May 2011

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956.
Balance Sheet Abstract and Company's General Business Profile.

I Registration No. 11 - 15205 **State Code No** 11

Balance Sheet Date 31- 03 - 2011

II Capital raised during the year (Amount in Rupees thousand)

Public Issue NIL Rights Issue NIL

Bonus Issue NIL Private Placement NIL

III Position of Mobilisation and Deployment of Funds (Amount in Rupees thousand)

Total Liabilities 3,065,438 Total Assets 3,065,438

Sources of Funds

Paid up Capital 1,197,676 Reserves & Surplus 2,689

Secured Loans NIL Unsecured Loans 956,237

Application of Funds

Net Fixed Assets 1,761 Investments 90

Net Current Assets (18,173) Misc. Expenditure NIL

Accumulated Losses 2,172,924

IV Performance of the Company (Amount in Rupees thousand)

Total Turnover (including other income) 13,387 Total Expenditure including exceptional item 13,395

(Loss) / Profit before Tax (8) (Loss) / Profit after Tax (151,269)

Earning per Share in Rupees. (12.63) Dividend Rate % NIL

V Generic Name of Three Principal Products / Services of Company (As per Monetary Terms.) Not Applicable



Sixteenth Annual Report 2010-2011

MUKAND VIJAYANAGAR STEEL LIMITED

STATEMENTS OF ACCOUNT
FOR THE YEAR ENDED
31ST MARCH, 2011



MUKAND VIJAYANAGAR STEEL LIMITED

Registered Office: 106/1, Industrial Suburb,
Yeshwantpur II Stage,
Tumkur Road,
BANGALORE 560022

DIRECTORS' REPORT

**To the Members of
MUKAND VIJAYANAGAR STEEL LIMITED**

The Directors present the 16th Annual Report and Audited Statement of Accounts of the Company for the period ended March 31, 2011.

1. Finance :

There was no income during the year as company is yet to start commercial operations.

Your Directors have not recommended any dividend as the Company has not made any profits.

2. Project :

Your Company along-with its holding company viz Mukand Ltd. is pursuing with Government of Karnataka for allocation of captive iron ore reserves.

In view of the overall recovery in economy in the aftermath of overall global melt-down conditions witnessed during the previous year, steps to expedite implementation of project are being actively considered.

3. Deposits :

The Company has not accepted any fixed deposits from the public.

4. Directors :

Shri S. K. Ahluwalia and Shri Rajesh V. Shah, Directors of the Company, retire by rotation and are eligible for reappointment.



5. **Auditors :**

M/s Lodha & Company, Chartered Accountants, Auditors of the Company, retire and are eligible for re-appointment.

6. **Employees :**

There is no employee whose particulars are required to be furnished as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

7. **Additional Information :**

Since the Company had not commenced project implementation, the provisions of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 being not applicable, the disclosure of information on conservation of energy, technology absorption etc. is not given.

8. **Director's Responsibility Statement :**

As required by Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011 and of the loss for the year ended 31st March, 2011.
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;


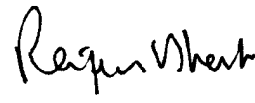


9. **Appreciation :**

Your Directors place on record their appreciation to the Government of Karnataka and the local authorities for their co-operation and assistance given to the Company.

On behalf of the Board of Directors

Place: Mumbai
Date: 26th May, 2011

	
Director	Director

AUDITORS' REPORT

To
The Members of
MUKAND VIJAYNAGAR STEEL LIMITED

1. We have audited the attached Balance Sheet of **MUKAND VIJAYNAGAR STEEL LIMITED ("the Company")** as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (hereinafter referred to as 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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to 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 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) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of Act, to the extent applicable;
 - e) On the basis of written representations received from the directors as on March 31, 2011 and taken on record by the Board of Directors, wherever applicable, we report that none of the directors is disqualified as on March 31, 2011 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 accounts read together with Significant Accounting Policies and other Notes in Schedule "F", gives the information required by the Act in the manner so required and give a true and fair view in conformity with the generally accepted accounting principles in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For LODHA & CO.
Chartered Accountants
Firm Registration No: 301051E


A. M. Hariharan
Partner
Membership No. 038323

Place: Mumbai
Date: May 26, 2011



Annexure referred to in paragraph 3 of our report of even date on the Financial Statements as at and for the year ended March 31, 2011 of MUKAND VIJAYNAGAR STEEL LIMITED

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) As explained, all the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable considering the size of the Company and nature of its fixed assets. As informed, no major discrepancies were noticed on such verification.
(c) No substantial/major part of fixed assets has been disposed off by the Company during the year.
2. The Company does not have any inventory. Therefore, the provisions of clause 4 (ii) of the Order are not applicable to the Company.
3. The Company has not taken/granted any loans, secured or unsecured, from/to Companies, Firms and other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. During the course of our audit no major weaknesses has been noticed in the internal control procedures.
5. During the year, the Company has not entered into a contract that needs to be entered in the register maintained under Section 301 of the Act.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA and other relevant provisions of the Act and rules framed thereunder.
7. The clause relating to internal audit system 4 (vii) of the Order is not applicable for the Company.
8. The provisions of clause 4(viii) of the Order relating to maintenance of cost records are not applicable for the Company.
9. (a) During the year, the Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other statutory dues with the appropriate authorities. There are no statutory dues outstanding for more than six months as on 31st March, 2011 from the date they became payable.
(b) According to the records of the Company, there are no dues in respect of Sales Tax/ Income Tax/ Custom Duty/ Wealth Tax/ Service Tax/Excise Duty/ cess which have not been deposited on account of any dispute.

10. The Company has accumulated losses exceeding by more than fifty percent of its net worth as at March 31, 2011 and it has incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not borrowed any money from financial institutions or banks.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of share, debenture and other securities.
13. As the Company is not a nidhi/ mutual benefit fund/ society, the provisions of clause 4(xiii) of the Order is not applicable to the company.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments the provisions of clause 4(xiv) of the Order is not applicable to the company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. According to the information and explanations given to us, the Company has not raised any term loan during the year.
17. The company has not taken any short term loans, during the year.
18. The Company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Act, during the year.
19. The Company has not issued any Debentures during the year.
20. The Company has not raised any money by way of public issues during the year or in the recent past.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards 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.

For LODHA & CO.
Chartered Accountants
Firm Registration No: 301051E


A. M. Hariharan
Partner
Membership No. 038323

Place: Mumbai
Date: May 26, 2011

MUKAND VIJAYANAGAR STEEL LIMITED
BALANCE SHEET AS AT MARCH 31, 2011

16th Annual Report 2010 - 2011

	As at Schedule March 31, 2011 (Amount in Rs.)	As at March 31, 2010 (Amount in Rs.)
I SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	A 700,000	700,000
Loan Funds		
Unsecured Loans	B 69,123,036	69,123,036
	<u>69,823,036</u>	<u>69,823,036</u>
II APPLICATION OF FUNDS		
Fixed Assets	C	
Gross Block	926,225	926,225
Less : Depreciation	847,242	839,590
Net Block	<u>78,983</u>	<u>86,635</u>
Current Assets, Loans & Advances	D	
Cash and Bank Balances	25,563	47,899
Loans and Advances	75,000	75,000
	<u>100,563</u>	<u>122,899</u>
Less :		
Current Liabilities and Provisions	E 15,542	14,542
Net Current Assets	85,021	108,357
III Miscellaneous Expenditure (to the extent not written off or adjusted)	-	-
IV Profit & Loss Account (Accumulated Loss)	69,659,032	69,628,044
	<u>69,823,036</u>	<u>69,823,036</u>

Significant Accounting Policies
and Notes forming part of the Accounts

F

Schedules referred above form an integral part of Accounts.

As per our attached report of even date
For LODHA & COMPANY
Chartered Accountants

A.M. HARIHARAN
Partner
Mumbai,
Dated : 26 MAY 2011

Director

Director



MUKAND VIJAYANAGAR STEEL LIMITED
Profit & Loss Account for the year ended 31.3.2011

16th Annual Report 2010 - 2011

	Schedule	Year Ended March 31, 2011 (Amount in Rs.)	Year Ended March 31, 2010 (Amount in Rs.)
I	Income	-	-
II	Expenditure		
	ROC Filing Fees	1,000	1,000
	Legal & Professional charges	8,500	1,500
	Bank Charges	600	-
	Payments to Auditors :		
	Audit Fees	12,000	12,000
	Out of Pocket Expenses including service tax	1,236	1,236
	Depreciation	7,652	7,652
	Sundry balance written off	-	(247)
	Loss for the year	(30,988)	(23,141)
	Add: Preoperative Expenses written off during the year	-	(69,488,815)
	Preliminary Expenses written off during the year	-	(116,088)
	Add: Loss Brought Forward	(69,628,044)	-
	Loss carried to the Balance Sheet	(69,659,032)	(69,628,044)
III	Earnings per share		
	Basic & Diluted	(0.44)	(0.33)

**Significant Accounting Policies
and Notes forming part of the Accounts**

F

Schedules referred above form an integral part of Accounts.

As per our attached report of even date
For LODHA & COMPANY
Chartered Accountants

A.M. HARIHARAN
Partner
Mumbai
Dated : 26 MAY 2011

[Signature]

Director

[Signature]

Director



MUKAND VIJAYANAGAR STEEL LIMITED
Cash Flow Statement for the year ended 31.3.2011

16th Annual Report 2010 - 2011

	Year Ended March 31, 2011 (Amount in Rs.)	Year Ended March 31, 2010 (Amount in Rs.)
A. Cash flows from operating activities		
Loss for the year	(30,988)	(23,141)
Adjustments for:		
Depreciation	7,652	7,652
Sundry balance written back		(247)
Operating profit before working capital changes	<u>(23,336)</u>	<u>(15,736)</u>
Adjustment for working capital changes		
Trade receivable	-	-
Trade Payable	1,000	-
Cash generated from operating activities	<u>(22,336)</u>	<u>(15,736)</u>
B. Cash flows from investing activities	-	-
C. Cash Flows from financing activities	-	-
Net Increase/(Decrease) in cash and cash equivalents (A + B + C)	<u>(22,336)</u>	<u>(15,736)</u>
Cash and cash equivalents		
Opening Balance	47,899	63,635
Closing Balance	25,563	47,899

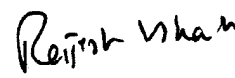
Notes:

The above Cash Flow Statement has been prepared by using the indirect method as per Accounting Standard 3.

As per our attached report of even date
For LODHA & COMPANY
Chartered Accountants

A.M. HARIHARAN
Partner
Mumbai
Dated: 26 MAY 2011


Director


Director

MUKAND VIJAYANAGAR STEEL LIMITED**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT March 31, 2011**

	As at March 31, 2011 (Amount in Rs.)	As at March 31, 2010 (Amount in Rs.)
SCHEDULE 'A' -- SHARE CAPITAL		
Authorised		
1,000,000 Equity Shares of Rs. 10/- each	<u>10,000,000</u>	<u>10,000,000</u>
Issued, Subscribed & Paid up		
70,000 Equity Shares of Rs. 10/- each	<u>700,000</u>	<u>700,000</u>
SCHEDULE 'B' -- UNSECURED LOANS		
From Mukand Ltd. - Promoter	68,962,425	68,962,425
Mukand Global Finance Limited (ICD)	50,000	50,000
Interest accrued and due	10,611	10,611
Mukand Ltd (ICD)	<u>100,000</u>	<u>100,000</u>
	<u>69,123,036</u>	<u>69,123,036</u>



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT March 31,2011

SCHEDULE 'C' -- FIXED ASSETS

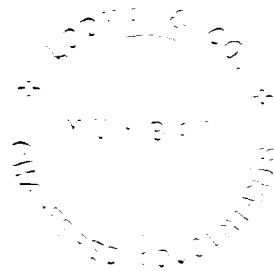
(Amount in ₹)

Description	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 1 st April, 2010	Addition during the year	Deductions during the year	As at 31st March, 2011	Up to 1st April, 2010	For the year	Deductions during the year	Up to 31st March, 2011	As at 31st March, 2011	As at 31 st March, 2010
Office Equipments	894,660	-	-	894,660	809,603	7,652	-	817,255	77,405	85,057
Furniture & Fixtures	31,565	-	-	31,565	29,987	-	-	29,987	1,578	1,578
Total	926,225	-	-	926,225	839,590	7,652	-	847,242	78,983	86,635
Previous Year	926,225	-	-	926,225	831,938	7,652	-	839,590	86,635	-



MUKAND VIJAYANAGAR STEEL LIMITED**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT March 31,2011**

	As at March 31,2011 (Amount in Rs.)	As at March 31,2010 (Amount in Rs.)
SCHEDULE 'D' -- CURRENT ASSETS, LOANS & ADVANCES		
<u>CASH AND BANK BALANCES</u>		
Cash on hand	-	-
Balance with Scheduled Banks in Current Accounts	25,563	47,899
	<u>25,563</u>	<u>47,899</u>
<u>LOANS & ADVANCES (Unsecured, Considered Good)</u>		
Deposits	75,000	75,000
	<u>75,000</u>	<u>75,000</u>
SCHEDULE 'E'-- CURRENT LIABILITIES AND PROVISIONS		
<u>CURRENT LIABILITIES</u>		
Sundry Creditors (Due to other than Micro, Small & Medium Enterprises)	15,236	14,236
Other Liabilities	306	306
	<u>15,542</u>	<u>14,542</u>



MUKAND VIJAYANAGAR STEEL LIMITED**SCHEDULE 'F':****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011.****A. Significant Accounting Policies:****1. General**

- a) The financial statements have been prepared on the historical cost basis, on the basis of a going concern, in accordance with relevant provisions of the Companies Act, 1956 (Act,) and applicable accounting standards notified under the Companies (Accounting Standards) Rules, 2006.
- b) All expenditures/incomes to the extent considered payable/receivable are accounted for on accrual basis.

2. Fixed Assets and Depreciation

- a) Fixed assets are stated at cost of acquisition.
- b) Depreciation on Fixed Assets is provided on the Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

B. Notes to the Accounts

1. Company with its holding company viz. Mukand Ltd. is Pursuing with Government of Karnataka for allocation of captive iron ore reserves.
2. Computation of Basic and Diluted Earnings per share:

	2010-11	2009-10
Loss for the year (Rs.)	(30,988)	(23,141)
Equity shares (Nos.)	70000	70000
Nominal value of each share (Rs.)	10	10
Basic and Diluted Earnings per share (Rs.)	(0.44)	(0.33)

3. Related party Disclosures

- (a) List of Related Parties:
Mukand Ltd, Holding Company
Mukand Global Finance Ltd., Fellow Subsidiary Company
- (b) Transactions during the year with related parties: NIL.
- (c) Balances at the year end: Refer Schedule B for the Closing balance of Unsecured Loans.
- (d) No amount pertaining to related parties has been provided for as doubtful debts/ written off/written back during the year.

16th Annual Report 2010 - 2011

4. Paragraphs 4,4A, 4C and 4D of part II of schedule VI to the Companies Act, 1956 are not applicable.
5. In the opinion of the management, the Current Assets, Loans & Advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the balance sheet. Provision for depreciation and all known liabilities is adequate and not in excess of the amount that is reasonably necessary.
6. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures in this respect have not been given. This has been relied upon by the Auditors
7. Previous year's figures have been regrouped/rearranged wherever necessary.

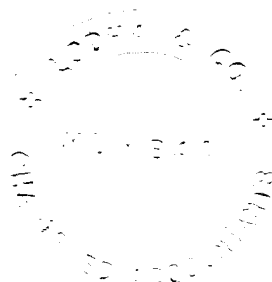
Signatures to Schedules 'A' to 'F'


Director


Director

Mumbai,

Dated : 26 MAY 2011



Additional information pursuant to part IV of Schedule VI to the Companies

I. Registration Details

Registration No.	18,735
State Code No.	8
Balance Sheet Date	March 31, 2011

II. Capital Raised During the Year

(Rs. in 000's)

Public Issue:	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds

(Rs. in 000's)

Total Liabilities	69,823
Total Assets	69,823

Source of Funds

Paid-up Capital	700
Reserves & Surplus	Nil
Secured Loans	Nil
Unsecured Loans	69,123

Application of Funds

Net Fixed Assets:	79
Preoperative Expenditure	NIL
Investments	NIL
Net Current Assets	85
Misc. Expenditure	NIL
Accumulated Losses	69,659

IV. Performance of Company

(Rs. in 000's)

Turnover Total	Nil
Expenditure	(31)
Profit/Loss Before Tax	(31)
Profit/Loss After Tax	(31)
Earning Per Share in Rs	(0.44)
Dividend Rate %	Nil

V. Generic Name of Principal Product of Company

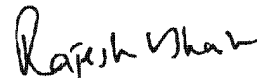
(As per Monetary Terms)

Item Code No.	72080000
---------------	----------

Product Description -	HOT ROLLED STEEL STRIPS/SHEETS/PLATE
-----------------------	--------------------------------------



Director



Director

Mumbai,

Dated : 26 MAY 2011