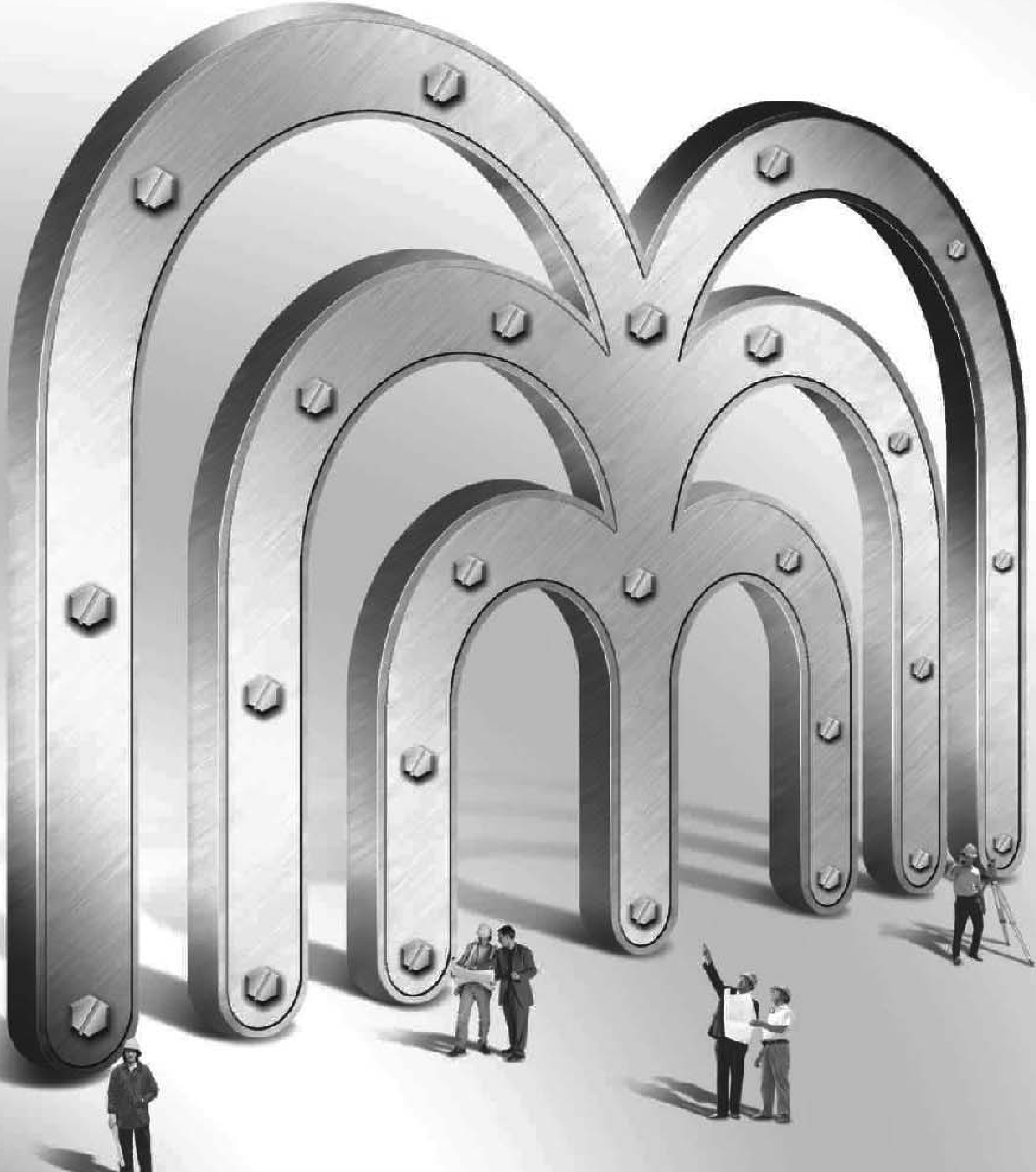
MUKAND
Infinite resolve

71st Annual Report 2008-09



CONTENTS

PAGE NO.

Board of Directors and The Management Team	1
Notice	2
Directors' Report	3
Management Discussion and Analysis	6
Corporate Governance	8
Appendix to Directors' Report	12
Auditors' Report	15
Accounts	18
Notes to the Accounts	29
Balance Sheet Abstract and Company's General Business Profile	46
Statement Under Section 212	47
Auditors' Report on Consolidated Financial Statements	48
Consolidated Financial Statements	49
Notes to the Consolidated Financial Statements	56
Summary of the Key Financials of Subsidiaries	64
Fixed Deposit Scheme and application form	65

Annual General Meeting
Monday, July 27, 2009 at 4.00 p.m., at Kamalnayan Bajaj Hall,
Bajaj Bhawan, Jamnalal Bajaj Marg,
226, Nariman Point, Mumbai - 400 021.

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

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

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.

BOARD OF DIRECTORS AND THE MANAGEMENT TEAM

Board of Directors

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

Secretary

K J Mallya

Auditors

Dalal & Shah, 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	Financial Advisor and Chief of Accounts
A M Kulkarni	Chief of Business Strategy

Steel Division

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

Industrial Machinery Division

R Jagannathan	Chief Executive

Road Construction Division

R Sankaran	Chief Co-ordinator

NOTICE

To
The Members,

NOTICE is hereby given that the 71st ANNUAL GENERAL MEETING of the Members of MUKAND LTD. will be held on Monday, the 27th July 2009 at 4.00 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, 2009, 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 appoint a Director in place of Shri Vinod S Shah, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Narendra J Shah, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Shri N C Sharma, who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors of the Company for the period commencing from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES:

1. 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 should however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 11th July, 2009 to Friday, 24th July, 2009 (both days inclusive).
3. a) The payment of dividend on 0.01% Cumulative Redeemable Preference Shares, upon declaration by the Members at the forthcoming Annual General Meeting, will be made on or after 1st August, 2009 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, July 10, 2009 ; 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, July 10, 2009.

   b) It is suggested for convenience of Members that they should notify change of address, bank particulars, Electronic Clearing Service (ECS) details, if any, preferably on or before Friday, July 10, 2009, in respect of :-

    i. shares held in physical form - to the Company or to its Share Transfer Agents (STA); and

    ii. shares held in dematerialised form - to their respective Depository Participants (DPs)

    to enable printing of these particulars on dividend warrants, to minimise chances of loss due to fraudulent encashment of warrants.

   c) Dividend will be preferably paid through ECS, wherever the facility is available. Where dividend payments are made through ECS, 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.

4. 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 days before the date of the Meeting.
5. In respect of shares sent for dematerialization, it is to be noted that if physical documents viz. Demat Request Forms (DRFs) and share certificates etc. are not received from their DPs by the Registrar within a period of 15 days from the date of generation of the Demat Request Number (DRN) for dematerialization, the DRN will be treated as rejected /cancelled. This step is being taken on the advice of NSDL so that no demat request remains pending beyond a period of 21 days. Upon rejection / cancellation of the DRN, a fresh DRF has to be forwarded along with the share certificates by the DPs to the Registrar. This note is only to caution investors / shareholders for ensuring that their DPs do not delay in sending the DRF and share certificates to the STA after generating the DRN.
6. SEBI vide its circular dated April 27, 2007 and May 20, 2009 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. Therefore, members holding shares in physical mode are requested to furnish their PAN along with photocopy of PAN Card to the STA. Members holding shares in demat mode are requested to register the details of their PAN with their DPs.
7. Details of Fixed deposit scheme offered by the Company together with application forms is included in the Annual Report for the convenience of Members.
8. As regards the re-appointment of retiring directors, viz. Shri Vinod S Shah, Shri Narendra J Shah and Shri N C Sharma referred to in item Nos. 3, 4 and 5 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 30, 2009

K J MALLYA
Company Secretary

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

DIRECTORS' REPORT

1.0 The Directors present the 71st annual report and audited statements of accounts of the Company for the year ended March 31, 2009.

2.0 Financial results:

(Rs. in Million)

	Current Year	Previous Year
2.01 **Turnover :**		
Sales and Services	**21,502.18**	22,005.05
Less: Excise Duty Recovered	**2,313.28**	2,737.17
Net Sales and Services	**19,188.90**	19,267.88
Other Income (excluding Forex gain)	**295.03**	212.79
Net Sales, Services and Other Income	**19,483.93**	19,480.67
2.02 **Results :**		
Profit before Net Forex losses/ gains, interest, depreciation, exceptional items and tax	**103.70**	2,569.46
Add / (Less): Net Forex (Losses)/Gain	**(215.73)**	9.96
Less: Finance and Lease charges	**1,352.35**	1,191.26
Profit/(Loss) before depreciation, exceptional items and tax	**(1,464.38)**	1,388.16
Less: Depreciation	**578.42**	579.43
Profit / (Loss) for the year before exceptional items and tax	**(2,042.80)**	808.73
Add / (Less) :		
Exceptional items (net)	**(414.82)**	90.21
Profit/(Loss) before tax (PBT)	**(2,457.62)**	898.94
Provision for Tax	**10.37**	10.65
Deferred Tax :		
Deferred Tax Liability	—	294.31
Deferred Tax Liability reversed	**594.62**	—
Profit/(Loss) After Tax (PAT)	**(1,873.37)**	593.98
Add/(Less) : Prior period adjustments (net)	**(14.67)**	(69.81)
: Excess/(Short) provision for tax	**0.96**	(1.75)
Profit after tax and prior period adjustments	**(1,887.08)**	522.42
Balance brought forward from previous year	**1,230.38**	1,163.07
Balance available for appropriations / adjustments	**(656.70)**	1,685.49
2.03 **Appropriations :**		
Transfer from Debenture Redemption Reserve	**62.50**	129.69
Transfer to Debenture Redemption Reserve	—	199.25
Proposed Preference Dividend (including tax)	**0.01**	0.01
Proposed Equity Dividend	—	73.11
Tax on proposed Equity Dividend	—	12.43
Transfer to General Reserve	—	300.00
Transfer from General Reserve	**594.21**	—
Balance carried to the Balance Sheet	—	1,230.38

3.0 Dividend:

The directors do not recommend any dividend on equity shares due to the losses incurred during the year. The directors recommend a payment of dividend of 0.01% on cumulative redeemable preference shares. The dividend and tax thereon aggregate Rs.6,585/- for the year and the same will be paid by transfer from the general reserve.

4.0 Performance:

4.01 The sales and other income of the Company remained almost the same, at Rs. 21.50 billion as against Rs.22.01 billion in the previous year, despite the global meltdown.

4.02 The exports also remained similar at Rs.1.63 billion as compared to Rs.1.75 billion in the previous year.

4.03 Profit before net forex losses, interest, depreciation, exceptional items and taxes stood at Rs.103.70 million as compared to Rs. 2,569.46 million in the previous year.

4.04 The first half of the year under report was adversely affected by the steep increase in input prices. Although the Company effected increases in its selling price, these could not fully absorb the higher input costs and thereby negatively impacted the performance of the Company.

4.05 The unprecedented global meltdown in the second half of the year under review resulted in severely depressed demand of the Company's steel products. Inventories of finished goods and work in process increased and the Company was forced to curtail production in its major steel making unit at Ginigera. Prices of all steel products, dropped drastically from the beginning of the third quarter resulting in losses on the inventory being held by the Company.

4.06 Strengthening of the US dollar against the Indian rupee resulted in losses on forex positions taken for the import of major raw-materials required by the Company.

4.07 The Company faced a difficult cash liquidity situation as it had to sustain most of its overhead and employee costs and adhere to its long term repayment and interest schedules to its lenders, whilst being negatively impacted by substantially lower sales realisation.

4.08 The Company has made a provision for non-recoverability of overdue interest on loans amounting to Rs.274.40 million due from its wholly owned subsidiaries, viz Vidyavihar Containers Ltd. and Mukand Global Finance Ltd. and Rs.11.42 million from other companies. The Company has also made a provision for diminution in the total value of investments amounting to Rs.130.92 million in Stainless India Ltd. (SIL), Jodhpur, as SIL is a sick industrial unit. These have been included in the exceptional items in the Accounts.

4.09 The Company has determined and accounted for a loss of Rs.303.15 million in the Road Construction business due to time overruns, cost escalations and incremental jobs executed, after factoring in the likely realization from the claims which the Company has made on the Project Authority.

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

4.10 Steel division:

4.11 Despite the global meltdown and depressed markets, the turnover of the division was only marginally lower at Rs.18.63 billion compared to Rs.19.02 billion in the previous year.

4.12 Prices of calibrated iron ore from the captive mines rose from Rs.700/- per tonne to Rs.1,200/- per tonne during the year. However, the captive mines ceased supply from November 2008, thereby forcing the Company to procure iron ore from the market at an additional cost. Similarly, the coke prices also increased from US $ 390/- per tonne to US $ 790/- per tonne during April to December 2008. This adversely affected the profitability of the steel division. Coke prices fell sharply to US $ 290/- tonne in the last quarter of the year. With the fall in prices of other inputs in the fourth quarter and an improved liquidity position, the demand and margins for steel products is on the rise.

4.13 The capital expenditure programme undertaken by the Company in 2007, to increase its steel making and rolling capacity was completed in May 2009. This resulted in increasing the overall steel making and rolling capacity of the Company to half a million tonne of alloy, special and stainless steel long products. Full capacity utilisation will be achieved depending upon the improvements in demand of the Company's steel products. We are witnessing a month by month improvement in demand.

4.14 At the steel plant at Ginigera, Karnataka, the new mini blast furnace, which started commercial production in May, 2008, increased our steel making capacity by 60%. A railway siding project has been completed which will enhance the logistics of bulk materials brought into the Company. A new re-heating furnace was commissioned in the third quarter enhancing the production in the rolling mill.

4.15 The Company is in the process of installing a 15 mw captive power plant utilising flue gases generated from the newly installed mini blast furnace to reduce the cost of power by about 60% and it hopes to commence generating power from this unit from November 2009. The Company has also acquired land for its project for a captive coke oven plant which is expected to be completed during FY 2011.

4.16 At the steel plant at Dighe, Thane, the modernisation of the wire rod mill that was completed in a running mill, will increase the production capacity by 60% in the coming year. The Company has also installed down-stream facilities to increase the production of value added products and increase its market share in niche' products.

4.17 The Company's micro alloyed steel for Common Rail Diesel Injection (CRDI) application has performed better than its competitors at an endurance testing by the customer Bosch- Germany. This injection system developed by Bosch will reduce the intake of fuel and fuel emissions.

4.18 The Company continued its focus on developing several new technologies and processes to stay ahead of its competition and maintain its leadership in terms of quality in the market. The Company also received approvals for new products from renowned domestic and international customers.

4.20 Industrial Machinery Division:

4.21 In the year under review, the division reported a turnover of Rs.2.67 billion as against Rs.2.74 billion in the previous year. The turnover in the first half of the year was higher as compared to that of the same period in the previous year.

However, in the second half of the year under review, some of the customers postponed accepting delivery of the completed equipment and also extended the delivery period for the orders in process due to their own cash crunch. This put a constraint on the Company's working capital, thereby affecting procurement of materials and components for orders in process.

The division is continuing its business with those customers who have strong liquidity. The division currently has orders aggregating over Rs. Six billion. These orders are from public and private sector companies for products such as Electric Overhead Travelling Cranes (EOT) and other industrial machinery ensuring full utilisation of capacity during the year in progress.

4.22 The division has successfully completed supply and installation of a large number of heavy duty EOT cranes for steel plants in the private sector and electrical level luffing cranes for some of the major ports in the country. A 60 ton capacity, 63 metre outreach level luffing travelling tower crane is being manufactured for the Kochi shipyard along with M/s. OBE Machinery of Japan.

4.23 The Company is an exclusive licensee for setting-up iron technology mark-3 (ITmk-3) plants in India in line with patented technology from M/s. Kobe Steel, Japan for the production of iron nuggets from iron ore fines and non coking coal, which can be directly charged into steel making furnaces. The Company expects its first order for setting up such a plant in the year under progress.

4.24 The Company is now in the midst of putting up additional capacity at a plant in Sinnar, Nashik which together will double the capacity of this division to Rs. Seven billion per annum by FY 2011. The land for this facility has been allotted by MIDC and the preparatory work / detailed planning has commenced. The Company is in the process of getting the required approvals from various statutory authorities.

4.30 Road Construction Division:

4.31 The revenue from the division was lower for the year under review at Rs. 377 million as compared to Rs.584 million in the previous year as the project is nearing completion. As of March 31, 2009, the division completed 294 km of two lanes of the main carriage way representing 99% of the total work. The division has also completed 62 km of service roads representing 91% of the total service roads.

The highway construction package near Varanasi is substantially completed and a take over certificate was received by the Company from the consultants appointed by World Bank which will enable handing over the package to the National Highway Authority of India. In the highway construction package near Kanpur, two of the three sections have been substantially completed and 95% of the third section has been completed.

4.32 The Company has incurred losses in this segment of the business due to incremental jobs executed, cost escalations, time-overruns, etc. Although the full financial outcome of the division's activity cannot be estimated with certainty at present, the management has accounted for the losses currently expected till the close of the year keeping in mind the claims made by the Company.

5.0 Finance:

5.01 The working capital borrowings during the year under review have gone up to fund the increased cost of inputs, like, metallurgical coke, iron ore, ferro-alloys, furnace oil, etc. On completion of the capital expenditure programme and generation of additional revenue, your Company plans to reduce its dependence on borrowed capital.

5.02 Fixed Deposits:

The Company accepts / renews fixed deposits from the shareholders and public. The deposits outstanding at the close of the year amounted to Rs. 818.15 million, including Rs.5.03 million, which remained unclaimed after maturity by depositors. The Company has, during the year, transferred Rs.0.35 million being unclaimed deposits and interest thereon to the Investor Education and Protection Fund set up by the Government of India.

5.03 Revaluation of Land:

To reflect the current fair market value, the Company has further revalued its free hold land admeasuring 150 acres at Dighe, Thane as at 31st March, 2009 and an amount aggregating to Rs.12.12 billion has been added to the value of land and correspondingly, the said amount has been credited to the Revaluation Reserve in the Accounts.

6.0 Joint Ventures:

6.01 **Joint Venture with M/s. NV Bekaert SA, Belgium** : The new Company, Mukand Bekaert Wire Industries Pvt. Ltd. (MBWIPL), to produce stainless steel wires, has acquired 25 acres of land from MIDC at Lonand, District Satara. The factory lay-out, process and equipment designs are ready while the newly recruited technical personnel are being given training at the facilities of Bekaert, Belgium. Various approvals have been obtained from state government agencies and the power connection for production purposes has been received in May 2009. MBWIPL is expected to commission a capacity of 6,000 tonnes per annum by the end of June 2009. An additional capacity of 6,000 tonnes per annum shall be commissioned later by the fourth quarter of FY 2010.

Originally, a 50:50 joint venture between Bekaert and Mukand, it has been agreed to currently operate this joint venture on a ratio of 74:26, in view of the current liquidity constraints facing your Company. Bekaert, the joint venture partner, has granted a long-term loan of Rs.950 million to MBWIPL to complete the project.

6.02 **Joint Venture with M/s. Vini Iron & Steel Udyog Ltd. (VISUL):** The Company and VISUL have received a letter of intent from the Ministry of Coal, Government of India, allocating 10.05 million tonnes of the Rajhara North (Central & Eastern) non-coking coal block in Jharkhand in the proportion of 58.81 : 41.19. Based on this letter, the Company has signed a JV agreement with M/s. Vini Iron & Steel Udyog Ltd. for the purpose of mining in the name and style of "Mukand Vini Mineral Pvt. Ltd." (MVMPL). MVMPL is in the process of obtaining various permissions / approvals from central / state government agencies.

7.0 Corporate Social Responsibility:

7.01 As a responsible citizen, your Company continues to support and encourage developmental activities that are inclusive in nature. During the year under review, your Company pledged financial support to 4,905 SC / ST girl students studying in standards VIII to X in 74 government aided schools from seven economically backward Talukas in Thane District. This financial support was in the form of school uniforms, footwear, bags, etc. thereby unburdening the financial constraints of their families and encouraging the girl students to atleast complete their studies upto class X.

Your Company also partially sponsored the participation of the students of a school in Navi Mumbai at the International Space Development Conference held at Washington DC, USA. This was the only group from Asia that presented their project titled "utopia" before a conference of eminent scientists and researchers from NASA.

7.02 The employees of our Dighe, Thane facility were involved in activities such as health camps, tree plantation drive, spreading environmental awareness, etc.. Various new initiatives were carried-out with a focus on pollution control and water harvesting in the Thane-Belapur Industrial belt. Your Company also makes available its ambulance and fire engine to the neighbouring areas in case of an emergency through a "24 hour Disaster Management Cell".

7.03 At the steel plant in Ginigera, Karnataka, the Company provides drinking water from its reservoir and has installed pipelines from wells for the benefit of neighbouring villages.

8.0 Statutory disclosures:

8.01 The statutory disclosures in accordance with sections 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 report.

8.02 A statement showing details of employees covered within the purview of section 217 (2A) of The Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is given in Appendix-II to report.

8.03 The Company has four wholly owned subsidiary companies, viz., Mukand Global Finance Limited, Vidyavihar Containers Limited, Mukand International Limited and Mukand Vijayanagar Steel Ltd.. During the year under report, MIL has formed a wholly-owned subsidiary, Mukand International FZE (MIFZE) in the free zone establishment at Jebel Ali free zone, Dubai by subscribing to the shares of MIFZE aggregating UAE dirham 1.00 million. By virtue of provisions of Section 4 of The Companies Act, 1956, MIFZE is deemed to be a subsidiary of 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 these subsidiaries to the accounts of the Company for the financial year 2008-09. A summary of the key financials of these subsidiaries is included in this annual report. The annual accounts of these subsidiaries will be made available to any member at the registered office of the Company and that of the subsidiary Company concerned.

8.04 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.

8.05 A report on corporate governance, pursuant to the clause 49 of the listing agreement, along with the auditors' certificate regarding compliance of conditions of corporate governance and management discussion and analysis are separately given in this report.

9.0 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, 2009, and of the loss of the Company for the year ended March 31, 2009;

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.

10.0 Directors:

10.01 Shri Shishir Bajaj ceased to be a director of the Company with effect from 31st December, 2008. He has been on the board of your Company for over 14 years since 25th November, 1994.

10.02 Shri K M Jayarao who joined the board of directors of the Company on 10th May, 2007 as a nominee of ICICI Bank Ltd., ceased to be a director of the Company with effect from 26th March, 2009.

10.03 The Board places on record its deep sense of appreciation of the contribution made by them for the all round growth of the Company during the tenure of their office as directors of the Company.

10.04 Shri Vinod S Shah, Shri Narendra J Shah and Shri N C Sharma, directors of the Company, retire by rotation and are eligible for re-appointment.

11.0 Auditors:

Messrs. Dalal & Shah, chartered accountants, auditors of the Company, retire and are eligible for re-appointment.

12.0 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.

13.0 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 for 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	**Rajesh V Shah**
Chairman &	**Co-Chairman &**
Managing Director	**Managing Director**

Mumbai, May 30, 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Transformative growth

The last half of the year that has gone by has perhaps been the most difficult and challenging times that we have faced in the world of business. The global financial meltdown resulted in a decline in the demand for goods across industries and nations. Your Company too has been scathed by the effects of this unprecedented meltdown.

Thus the immediate priority of your Company has been to navigate through this downturn while maintaining its competitive advantage and growth, creating standards to ensure that the Company retains and wins those customers that matter most. The Company continues to invest in the best and most enduring assets while focusing on cutting costs everywhere especially non customer related, and non value added activities. With an infinite resolve to succeed in its performance, your Company attempts to understand and embrace the values that guided it through generations while reorienting these values toward the outside by translating them for current and future relevance.

Steel Business

The steel market witnessed a dramatic year with the rise and fall of its input prices as a result of the shifting sands in the global economy. The first half of the year under review, experienced surging input prices that led to the rise in steel prices. Although your Company too increased its selling prices, these could not fully absorb the rise in input costs. The sudden sharp increase in the operating costs, forced your Company to resort to additional borrowings to ensure adequate working capital to maintain its ongoing production commitments.

Just as the market including your Company began coping with the situation, the sands shifted again with the global meltdown. This severely affected demand in the latter half of the year, leading to a fall in steel prices and resulting in huge inventory losses for the Company. To mitigate such risks of a highly volatile market, your Company follows a policy of back to back buying against sale orders for some of the inputs such as nickel and copper thereby softening the punch to an extent. However, the volatility of coke prices, which accounts for the major chunk of its total input costs, adversely affected your Company as it had to import this input in bulk quantities to ensure continuity in the steel production. The strengthening of the US dollar against the Indian rupee, in the year under review, added to the burden of your Company as most of the inputs for steel making are imported.

Challenging times, but Mukand is steel and will continue to be steel and more. Steel that is on par with the best in the world and demands precision engineering thereby nudging customers towards better choices. With this goal in mind, your Company embarked on long term strategic investments that gained more importance in these depressing times. The downturn in the economy, which resulted in less pressure on production, gave the Company an opportunity to reinforce its commitment to timeless quality standards with a renewed focus on what is timely.

Determining the optimal balance between yield from present activities and investments in a highly demanding future, the Company embarked on a capital expenditure that was completed in the month of May 2009 and will enhance the total specialty steelmaking capacity of your Company to half a million tonnes per annum.

The capital expenditure also included modernising the wire rod mill and enhancing the capacity of value added products at the Dighe, Thane steel plant. The modernised wire rod mill enables your Company to manufacture coils weighing 1500 kg / coil, compared to the earlier weight of 600kg/ coil, in line with international standards. The new cooling bed increases the range of sections and has the added flexibility to roll in coil or straight length depending on the market demand.

Structuring the Company's offerings to increase margins, your Company commissioned several down-stream facilities such as state of the art bell furnaces, spherodised annealing furnaces for bars, hardening and tempering facilities, etc.. The Company continues its focus on value added bright bar products, cold headed quality wire rod grades, bearing steel wires for roller and ball applications, spring steels, micro alloyed steels, free cutting leaded steel, etc where the Company is already a market leader.

Your Company, as you already know, is predominantly engaged in the manufacture of specialty, alloy and stainless steel wire rods, bars, wires and bright bars required for the automobile, auto component, engineering, bearing, defence, forging and fastener industries. The fortunes of the specialty and alloy steel products of your Company are closely linked with the automobile and auto component industries. Although the demand for automobiles slumped temporarily due to the global meltdown, your Company continues to believe that this industry will revive faster than others in the current year.

India is the fastest growing market in passenger cars while it is the second largest market for two wheelers in the world. Your Company believes that India will also be the global hub for the manufacture of small passenger cars. Some of the measures taken by the Indian Government such as reduction in excise duty, accelerating depreciation rates and reducing interest rates for vehicle loans to boost demand for two wheelers, passenger cars and trucks will consequently enhance the demand for our steel products.

The Indian stainless steel market is still to unleash its full potential. The global meltdown affected demand in this market that currently depends mainly on exports. However the domestic demand, although small, has remained steady. The Company developed a large number of new grades and products during the year under report. The Company has the flexibility to produce stainless steel using either stainless steel scrap or pure nickel depending on the input prices.

The Company has always laid great emphasis on total quality management activities. During the year under review, the steel plant was certified to ISO /TS : 16949 standard which is specific for steel suppliers to the automotive industry. The quality control laboratories in the steel division have been certified by the National Accreditation Board for Testing and Calibration Laboratories (NABL) under ISO / IEC 17025: 2005 quality management system thereby giving our inhouse test reports acceptability around the world.

Industrial Machinery Business

India joined ranks of the trillion dollar economies of the world largely due to its competitive positioning in the global economy. The Indian government hopes to continue its journey to take the country forward and make it one of the foremost economic powers in the world. This national dream is the impetus for the industrial machinery division of your Company as it will ensure that the country continues its emphasis on infrastructure building and strengthening of its manufacturing capabilities.

However, the year under report, saw India's growth story slumping to a new low for the first time since the economic boom in the year 2003. To recover from this slump has been the foremost agenda of the Indian government whose stimulus packages have been in the direction of creating demand and liquidity across all sectors to support the Indian industry.

The first half of the year under review saw buoyancy in the order booking and delivery schedules of this division. However the negative market conditions took a toll on the division in the second half of the year with customers either extending their delivery schedules or delaying the payment for the delivered machinery.

The division however is confident that the sluggish infrastructure market will be rekindled in the year that is running. The division continues to have a strong order book of over rupees six billion at the close of the year under report. These orders are from various industries such as infrastructure, power, including nuclear power, etc. for a range of products including cranes and non cranes ensuring full utilisation of the division's capabilities. The division has an advanced and flexible manufacturing set up supported by highly skilled manpower and strengthened by strong technical and engineering design teams that will help it to surge ahead in the coming years.

During the year under report, the Company successfully completed and supplied electric over head traveling cranes to various customers across several industries. The Company is a market leader in the manufacture of such cranes in the country. These heavy duty cranes, also known as workshop cranes, travel on rails laid on the roof of a factory shed and are used for lifting large heavy equipment or material, making it a necessity in every factory.

The Company is currently executing an order for a 60 tonne capacity, 63 metre outreach level luffing travelling tower crane for the shipyard at Kochi along with M/s. OBE Machinery of Japan. Electric level luffing cranes are mainly used in seaports and the Company expects further orders for this product when the government restarts the seaport expansion programme in the country.

Your Company is an exclusive licensee of Kobe Steel, Japan, to manufacture the equipment required for iron making technology mark3 (ITMK3). This technology patented by Kobe Steel, produces iron nuggets from iron ore fines and non coking coal and can be directly charged into steel making furnaces. The Company expects the first order to set up such a plant in the current year.

Truly believing that during a downturn companies should focus on rooting out operational slack and inefficiencies, not modifying or sacrificing strategic initiatives which build capabilities for long term competitive advantage, your Company is in the process of putting up an additional facility at Sinnar near Nashik, that will enhance the manufacturing capacity and unlock the growth potential of this division.

Internal Control Systems

The Company has in place proper and adequate systems for internal controls that provide assurances on the efficiency of operations, security of assets, statutory compliances, appropriate authorisation, reporting and recording of transactions. The management audit department of the Company prepares regular reports on the review of the systems, procedures and shortcomings. 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 your Company regularly reviews significant audit observations and discuss the corrective measures with the senior managers. The chief of management audit monitors the implementation of these suggested measures.

Human Resources

Allocating human resources that will foster identification and development of good people for today and tomorrow is one of the priorities of your Company. The new generation of human resource are continuously trained and guided to imbibe the values, standards and ethics of the Company through regular forums. The senior management of the Company led by the Co-Chairman and Managing Director, is personally involved in the grooming of people for the future.

Quality circles of the Company continue to bring laurels to the Company. This year, two of the Company's quality circles bagged the 'Par Excellence Awards" at a competition held by the Quality Circle Forum of India in Mumbai and a national competition held at Baroda. One of the circles also won the "First Runner up" trophy at the Maharashtra state level competition held in Aurangabad in July, 2008.

The Company held several training sessions on a variety of topics for the employees as a downturn presents the perfect downtime to enhance the skills people really require to excel. The culture of sharing information on the business with the employees and inviting them to be part of the solution enables the Company to curtail its costs through weeding and pruning its processes and habits.

Corporate Social Responsibility

It is said that the uniqueness of a Company arises from several basic features – its history, its character, its ideology and the legacy of its leadership. Social responsibility has been the legacy of the Company's leadership. The Company pledged financial support to 4,905 SC / ST and economically disadvantaged girl students studying in standards VIII to X in 74 government aided schools in seven Talukas of Thane District. This support was in the form of school uniforms, footwear, bags, etc. thereby unburdening the financial constraints of their families and encouraging the girl students to complete their studies upto class X.

At the steel plant in Ginigera, Karnataka, the Company provides drinking water from its reservoir and has installed pipelines from wells to the neighbouring villages.

The Company promotes a green and clean environment and is constantly encouraging its employees to plant trees and keep the environment clean. Good housekeeping and well maintained gardens are a way of life with the employees of the Company.

Conclusion

Navigating towards long term growth through this downturn, the Company hopes for a better tomorrow that will bring more value to all its stake holders.

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 12 directors, including the Executive Chairman. Out of these 12 directors, 9 are non-executive directors, which include 6 independent directors. The Company has had no pecuniary relations or transactions with the Non-Executive Directors during the year under review.

1.2 Board Meetings:

During the year under review, five Board Meetings were held on May 20, 2008, July 29, 2008, October 21, 2008, January 30, 2009 and March 26, 2009. 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	5	Yes	11	2	-
Shri Rajesh V Shah	P.CCMD	4	Yes	6	2	-
Shri Rahul Bajaj	P.NED	1	Yes	7	-	-
Shri Dhirajlal S Mehta	I. NED	5	Yes	4	5	1
Shri Suketu V Shah	P.Jt.MD	5	Yes	9	1	3
Shri Vinod S Shah*	NED	4	Yes	7	-	-
Dr. N P Jain, IFS (Retd.)	I.NED	5	Yes	1	-	-
Shri Narendra J Shah	P.NED	5	Yes	-	-	-
Shri Shishir Bajaj §	P.NED	1	Yes	4	1	-
Shri N C Sharma	I.NED	4	Yes	1	1	-
Shri T Chattopadhyay	I.NED	5	Yes	1	-	-
Shri K M Jayarao ¶	I.NMN	1	No	4	4	-
Shri Prakash Mehta	I.NED	2	No	10	9	-
Shri Pradip P Shah	I.NED	4	Yes	14	6	3

§ ceased to be a Director w.e.f December 31, 2008
¶ ceased to be a Director w.e.f March 26, 2009
* Whole-time Director upto July 4, 2008

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

Shri Vinod S Shah, Shri Narendra J Shah and Shri N C Sharma retire by rotation and are eligible for re-appointment. Their attendance record in board/general meetings during the year under review is given in the Table hereinabove. Their brief particulars are:

Shri Vinod S Shah, a Commerce Graduate, joined the services of the Company in the year 1953 and since then he has held various positions including that of General Manager, Deputy Chief Executive, Sr. Vice President, Jt. President, Advisor (Special Projects) and presently he holds the position of Director. He has been on the Board of Directors of the Company since 1989.

Shri Narendra J Shah is an Arts Graduate. He had joined the Company in the year 1948 as a Management Trainee and held several managerial positions at different times. He was Assistant Chief Executive when he left the Company in the year 1969. Shri Shah is a Trustee of Jeewanlal Motichand Foundation engaged in the work of Rural Development. He has been on the Board of Directors of the Company since 1989.

Shri N C Sharma, a post-graduate in English Literature, joined Life Insurance Corporation of India (LIC) in 1965. Shri Sharma was Managing Director of LIC of India during the period 2000-2002. Before taking over as Managing Director of LIC in November 2000, Shri Sharma served as Zonal Manager, Western Zone and as Executive Director (Personnel) at the Corporate Office. He retired from LIC in November 2002. Shri N C Sharma presently holds Directorship of PSL Ltd., a listed company. He had earlier served as Director on the Board of Tata Chemicals Ltd., Punjab Tractors Limited and as Public Representative (SEBI Nominee) on the Board of Delhi Stock Exchange Association Ltd. Shri Sharma writes extensively on subjects related to Life Insurance Industry.

He had been on the Board of Directors of Mukand Ltd. for the period from June 30, 1998 to January 31, 2004. Shri Sharma was re-appointed as Director w.e.f. September 7, 2004.

2. AUDIT COMMITTEE:

The Audit Committee consists of Dr. N P Jain, 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 contained in Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

During the year under review, five meetings of the Audit Committee were held. Dr. N P Jain, Shri Dhirajlal S Mehta and Shri N C Sharma attended five meetings each of the Committee while Shri Prakash V Mehta attended two meetings. These Meetings were also attended by the Statutory Auditors, Chief – Management Audit, Cost Auditors 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 - Financial Advisor & Chief of Accounts. 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, 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 shareholders at the Annual General Meeting of the Company held on July 29, 2008, 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 details of remuneration of Shri Niraj Bajaj - Chairman & Managing Director, Shri Rajesh V Shah - Co-Chairman & Managing Director, Shri Suketu V Shah - Joint Managing Director and Shri Vinod S Shah – Advisor (Special Projects) are given below :

(Rs. in lacs)

Remuneration Package	Niraj Bajaj	Rajesh V Shah	Suketu V Shah	Vinod S Shah@
Salary and allowances	21.00	21.00	18.80 *	10.73 *
Contribution to Provident Fund and Other funds	5.67	5.67	4.86	0.28
Perquisites	1.28	3.04	3.33	1.13

@For the period April 1, 2008 to July 4, 2008

* 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. In view of the downturn in global economy, severely impacting the steel industry in general and profitability of the Company in particular, aforesaid Managing Directors decided not to draw increase in salary, as per their fresh term of re-appointment w.e.f. July 5, 2008, for the period upto March 31, 2009.

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, 2009 and the shares in the Company held by them as on March 31, 2009 are as under:-

Sr. No.	Name of the Director	Sitting Fees (Rs.)	Equity Shares	0.01% Cumulative Redeemable Preference Shares
1	Shri Rahul Bajaj	15,000	206,022	23,311
2	Shri Dhirajlal S Mehta	160,000	277	69
3	Shri Vinod S Shah	45,000	6,032	464
4	Dr. N P Jain, IFS (Retd.)	160,000	40	10
5	Shri Narendra J Shah	70,000	99,605	8,245
6	Shri Shishir Bajaj	15,000	-	-
7	Shri N C Sharma	145,000	-	-
8	Shri T Chattopadhyay	70,000	-	-
9	Shri K M Jayarao	10,000	-	-
10	Shri Prakash V Mehta	60,000	2,000	-
11	Shri Pradip Shah	55,000	96	24

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 all of whom are independent Directors. The eighth meeting of the Committee was held on May 30, 2009. As on March 31, 2009, no request for transfer of shares and for dematerialisation 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 the letter of offer / annual report, details of shares offered, payment of interest, transfer of shares, dematerialisation of shares and request for change of address, etc were attended generally within 3 / 4 days. The Company had received five 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
68th	July 19, 2006	3.30 p.m.
69th	July 14, 2007	11.30 a.m.
70th	July 29, 2008	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., Financial Adivisor & Chief of Accounts 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.

The Company is sending a quarterly newsletter, since January, 2006, titled 'Quarterly Update' to the shareholders up-dating them on the performance of the Company within a fortnight of above results being published in newspapers. With effect from quarter ending June 30, 2009, Quarterly Updates will be e-mailed only to those shareholders who have sent their e-mail address to the Company or Share Transfer Agents.

11. SHAREHOLDERS' INFORMATION:

11.1 Annual General Meeting:

Date Monday, July 27, 2009
Time 4.00 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]	last week of October.
iii.	Third quarter	[unaudited]	last week of January.
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, July 11, 2009 to Friday, July 24, 2009 (both days inclusive) for the purpose of payment of dividend on 0.01% Cumulative Redeemable Preference shares.

The 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 1, 2009 to those members whose names appear on the Company's Register of members as holders of preference shares in physical form on July 10, 2009. 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 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 2008-09 is given hereunder:

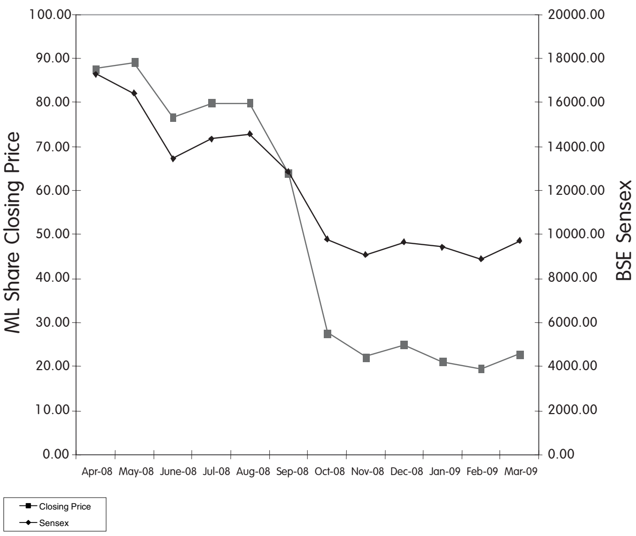
Rs. per share

Month	BSE High	BSE Low	NSE High	NSE Low
		Year 2008		
April	92.60	83.40	93.70	81.00
May	93.80	84.15	93.50	80.20
June	89.95	73.10	91.80	72.00
July	85.00	68.20	89.90	65.00
August	82.50	72.20	82.40	69.20
September	80.00	54.15	80.20	55.30
October	65.00	25.05	65.00	25.35
November	29.65	21.35	29.60	21.50
December	27.65	21.25	27.65	20.65
		Year 2009		
January	26.90	20.00	26.90	20.00
February	21.75	18.40	21.60	18.00
March	24.20	17.75	23.80	17.10

During the year, CRPS were traded on BSE and the price ranged between Rs. 2.00 and Rs.12.25 per share.

11.7 Comparative Stock Price Performance:

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



11.8 Registrar and Transfer Agents:

As per the decision taken at the Board Meeting held on May 20, 2008, M/s Karvy Computershare Private Limited has been appointed as the Share Transfer Agent for carrying out the operations of the Share Department w.e.f. August 1, 2008.

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, 186,942 Equity Shares and 43,718 CRPS were transferred in physical (non-dematerialised) form.

11.10 Distribution of Shareholding:

The Company had 47,530 Equity Shareholders and 44,022 CRPS holders as on March 31, 2009. 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	558,698	0.76	23,925	50.34
51 - 100	786,666	1.08	9,283	19.53
101 - 500	2,711,098	3.70	10,612	22.33
501 - 1,000	1,557,071	2.13	1,967	4.14
1,001 - 5,000	2,857,068	3.91	1,359	2.86
5,001 - 10,000	977,559	1.34	143	0.30
10,001 & above	63,665,969	87.08	241	0.50
Total :	**73,114,129**	**100.00**	**47,530**	**100.00**

Distribution of Shareholding	No. of Equity	% of CRPS	No. of CRPS holders	% of CRPS holders
Upto - 50	422,122	7.50	39,646	90.06
51 - 100	159,361	2.83	2,057	4.67
101 - 500	389,814	6.93	1,828	4.15
501 - 1,000	156,739	2.79	211	0.48
1,001 - 5,000	457,294	8.13	205	0.47
5,001 - 10,000	233,942	4.16	31	0.07
10,001 & above	3,807,048	67.66	44	0.10
Total :	**5,626,320**	**100.00**	**44,022**	**100.00**

The shareholding pattern of Equity Shares as on March 31, 2009 is given in the table as under:

Sl. No.	Category of Shareholders	No. of Shares	% of Total Shareholding
1	Promoter & Promoter Group	39,053,790	53.41
2	Mutual Funds and Unit Trust of India	6,027	0.01
3	Financial Institutions & Banks	231,623	0.31
4	Insurance Companies	7,604,184	10.40
5	Other Bodies Corporate	7,086,508	9.69
6	Foreign Institutional Investors	6,425,634	8.79
7	Non Resident Indians / OCBs	178,036	0.24
8	Indian Public	12,528,327	17.15
	Total	**73,114,129**	**100.00**

11.11 Dematerialisation of Shares and liquidity:

The Company's Shares are dealt with 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, 170,914 Equity Shares and 20,076 CRPS were dematerialised in respect of 822 and 416 requests respectively. The dematerialisation level as on March 31, 2009 stood at 95.21 % of total paid-up Equity Share capital and 85.25 % of the total paid-up 0.01% Cumulative Redeemable Preference Share Capital. As on March 31, 2009, 28,588 Shareholders held 69,617,926 Equity Shares and 18,651 Shareholders held 4,796,505 CRPS in demat form.

11.12 Plant Locations:

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

11.13 Address for Correspondence:

(i) Physical Shares (Equity and Preference):
Share Transfer Agents :
M/s Karvy Computershare Private Limited,
Plot No.17 to 24, Vittalrao Nagar,Madhapur
Hyderabad - 500 081
Tel: (040) 23420815 to 824
Fax: (040) 23420814
E-mail : mohsin@karvy.com

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

(iii) Shares, Debentures & Fixed Deposits :
Bajaj Bhawan, Jamnalal Bajaj Marg,
226, Nariman Point, Mumbai 400 021.
Tel: Shares & Debentures: **022-22848087**
Fixed Deposits: **022 22821769**
Fax: 022-2202 1174
E-mail: Shares & Debentures: investors_cell@mukand.com
Fixed Deposits: fixeddeposit@mukand.com

12. Auditors' certificate on Corporate Governance:

The Company has obtained a certificate from the Auditors of the Company 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 return to be filed by the Company.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members
Mukand Limited
Bajaj Bhawan,
Jamnalal Bajaj Marg,
226, Nariman Point,
Mumbai – 400 021.

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements entered into, by the Company, with the Stock Exchanges of India, for the financial year ended 31st March, 2009.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreements.

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

For and on behalf of

Dalal & Shah
Chartered Accountants
Ashish Dalal
Partner
Membership No.: 33596

Mumbai: 30th May, 2009

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 :

- Process cycle time reduced to avoid heat dissipation and re-heating of liquid metal.
- Steel melting process was modified to replace electrical energy by oxygen blowing, de-slagging and chromium addition.
- Use of Energy Efficient A.C. Motors for new roughing stand in place of D.C. Motors.
- Installation of Variable Frequency Drives in all the new cranes, and in Roughing Stand.
- One MVAR capacitor added at load end to improve power factor and reduce losses.
- Automatic switching off of street lights.
- Installation of CFL tubes of 28 W in place of 40 W in office and canteen areas.
- Direct pumping of water from Tungbhadra Dam to Plant Reservoir through break pressure tank.

(b) To reduce Fuel Oil consumption :

- Installation of micro valve in burners of Ladle Pre-heating Station to optimize oil flow.
- Installation of new re-generative burners for Bloom Reheating Furnace.
- Ceramic coating on inner side of Billet Reheating Furnaces of Bar Mill and Blooming Mill.
- Auto Temperature Controller of soaking zones of Billet reheating furnaces of Bar Mill and Blooming Mill.
- Installation of low pressure burners at soaking zones.
- Use of Alfa Solution for equipment cleaning instead of Diesel.

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

Steel Plant:

(a) To reduce electrical energy consumption :

- Replacement of Helical Gear Motor with Planetary Gear Box in the Cooling Bed of Bar Mill.
- To provide timers and to provide energy efficient street lighting.
- Replacements of centrifugal water pump with energy efficient pumps in Mills.

(b) To reduce Fuel Oil consumption :

- Installation of Vertical Burner system to reduce heat loss during transfer of Ladles.
- Installation of air fuel control system in Billet Reheating Furnace of Bar Mill.
- Use of bio-diesel in fork lifts.

(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 electricity and furnace oil consumption has reduced, however, the overall consumption per tonne of Bars and Rods has increased due to utilisation of capacities at a lower level as compared to that of the previous year.

(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 :

		2008-09	2007-08
1.	**Electricity Purchased :**		
	Unit : '000 kwh	**107,788**	83,230
	Total amount – Rs '000	**552,778**	403,780
	Rate / Unit – Rs./kwh	**5.13**	4.85
2.	**Own Generation Through Fuel Oil**		
	Unit : '000 kwh	**72,118**	107,765
	Unit / litre of Fuel Oil	**4.41**	4.40
	Rate / Unit — Rs. / kwh	**4.72**	4.13
3.	**Furnace Oil***		
	Quantity (Kl.)	**35,010**	47,284
	Total amount – Rs. '000	**808,520**	873,236
	Average Rate – Rs./Kl.	**23,094**	18,468
4.	**Coke**		
	Quantity (MT)	**137,518**	164,625
	Total amount – Rs. '000	**3,736,117**	2,491,275
	Average Rate – Rs. / MT.	**27,168**	15,133

* Includes diesel oil.

B. Consumption per unit :

	2008-09	2007-08	2006-07
1.0 Electricity kwh / tonne :			
Rolled Products	**571**	488	507
2.0 Furnace Oil * ltr./tonne			
Rolled Products	**60**	54	59
* Includes diesel oil.			
3.0 Coke Kg. / tonne:			
Hot Metal	**733**	687	686

(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.

- Development of mathematical models for iron and steel making processes in collaboration with IIT, Chennai.
- Development of micro alloyed steels for automobile forging applications of automobile components.
- Studies related to micro-structural improvement in duplex stainless steel grade through establishment of optimum conditions in heat treatment and chemistry.

- Time temperature co-relation established by studies in precipitation hardening grade of steel in the solution treatment process.
- Studies for inclusion characterisation for highly clean ball bearing steels.
- Studies conducted to facilitate direct drawing of wire rods to bars without initial soft annealing.
- Studies for improvement in micro-structure of resulphurised alloy steel grades through online controlled cooling.
- Studies for steel required in suspension springs in automobiles.
- Obtained ISO 9001 Certificate for Mining.
- Re-certification Audit successfully completed for ISO–14001 : 2004 and ISO 9001 : 2000.
- Obtained TS 16949 Certificate required for sale of steel to automotive industry.
- Obtained ISO / IMC 17025 : 2005 Quality Management System for Company's Test and Quality Control Laboratories.

2. **Benefits derived as a result of the above efforts:**
   - Capability to cater to wider high value segment of domestic and international markets enhanced.
   - Improvement in productivity/quality, standardisation of process parameters, reduction in rejection / defect levels and reduced cost of production at Company's Plants and at customers' end.

3. **Future Plan of Action:**
   - To carry-out studies for improving the quality of titanium / niobium stabilized stainless steel and increase the volume.
   - To work on improvement of stainless steel and engineering steel for application in springs.
   - To develop stainless steel electrode grade steel for the purpose of import substitution.
   - To complete the requirements for NABL Accreditation of all Test Laboratories.
   - Continue development work on ball bearing steels with low oxygen levels.
   - To carry-out trials for assessment of performance of ball bearing steel in ball application.

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

	2008-09 Rs.'000	2007-08 Rs.'000
(a) Capital	4,331	8,414
(b) Recurring	6,182	5,684
Total	10,513	14,098
Total R&D expenditure as a % of total turnover	0.05	0.07

(b) Technology absorption, adaptation and innovation.

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

- Rolling of a coil weighing 1,500 kgs. and a wide range of sections to be rolled in the form of wire rods as well as straight length.
- Implementation of Total Productive Maintenance system reduced product defects / losses / breakdowns / accidents, etc.
- Monitoring of hearth wear - 'online' and 'offline' - by thermocouple locations.
- Model for burden distribution for the bell-less top blast furnaces.
- Large Level Luffing Travelling Tower Cranes for use in shipyards.

Development of new grades of steel for :

- Microalloyed steel for forging of Common Rail Diesel Injection Connecting Rod in automobiles.
- Steel for forged steering component in automobiles.
- Medium Carbon Leaded steel for pressure tight machined components in automobiles.
- Black Bars for gears with chrome, nickel and molybdenum.
- High hardenability ball bearing steel for ball applications.
- Duplex stainless steel for seamless tubes – forging applications.
- Stainless steel with high chrome and molybdenum for seamless tubes.
- Stainless steel for export market in applications like, hangars for automotive exhaust.

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

- Reduction in costs, break-downs and rejections. Improvement in yield, productivity and quality up-gradation for customer satisfaction.
- Improvement in the market share and increase in volume of value added products.

(3) Imported Technology :

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

(C) Foreign Exchange Earnings and Outgo	2008-09 Rs. '000
(i) Foreign Exchange Earnings	1,644,815
(ii) CIF Value of imports	5,410,657
(iii) Expenditure in Foreign Currency	102,186

APPENDIX II TO THE DIRECTORS' REPORT

Statement of Particulars pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2009.

Sr. No.	Name	Age (Yrs.)	Designation & Nature of Duties	Qualification	Experience (Yrs.)	Remuneration Received Gross Rs.	Remuneration Received Net Rs.	Date of Commencement of employment	Last Employment held, Designation, Name of the employer (Years for which post held)
A.	Names of Employees employed throughout the year and were in receipt of remuneration not less than Rs.2,400,000/- per annum.								
1	Bajaj Niraj	54	Chairman & Managing Director	B.Com., M.B.A. (Harvard Business School)	28	2,794,950	1,616,853	31/3/1983	Executive Trainee, Bajaj Auto Ltd. (2)
2	D'Costa I M	66	Technical Director, (Steel Plant, Thane)	Grd. Indl. Eng., Dip. Elect & Mech., F.I.E. Chrt. Engg	48	2,446,065	1,756,849	2/2/1981	Sr.Dy. Supdt, Bihar Alloy Steels Ltd. (2)
3	Shah Rajesh V	57	Co-Chairman & Managing Director	M.A. (Cambridge), M.B.A. (California), P.M.D., (Harvard Business School)	32	2,970,911	1,678,023	11/6/1977	Director, Virani Fasteners & Bolts Pvt .Ltd. (1)
4	Shah Suketu V	54	Joint Managing Director	B.Com. (Hons.), M.B.A. (Harvard Business School)	27	2,699,252	1,535,099	29/12/1984	Executive Director, Adonis Laboratories (2 Yrs & 6 Mths)
B.	Names of Employees employed for a part of the year and were in receipt of remuneration* not less than Rs. 2,400,000/- per annum.								
1	Bhatt Rohit M	60	Chief of Finance	B.Com., LL .B., F.C.A.	38	1,500,635	13,09,773	02/10/1995	Gen. Mngr. Accounts, Johnson & Johnson Ltd.(2)
2	Lt. Gen. (Retd.) Patil V M	71	Vice President Admn. & Services	M. A. , M.S.C.	49	812,090	6,63,620	01/08/1996	Indian Army (36)
3	Shah Vinod S	78	Advisor-Special Projects	B.Com.	57	1,214,491	790,920	01/08/1953	Asst., Indul. & Agri, Eqpt. Co. (2 Yrs & 6 Mths.)

NOTES:
1. Gross remuneration includes Salary, House Rent Allowance, Leave Encashment, Ex-Gratia payments, Medical, Other Allowances, Bonus, Contribution to Provident and Superannuation Funds, and value of perquisites etc. but excludes contribution to Gratuity Fund and Gratuity Paid.
2. Net remuneration represents gross remuneration as above less taxes, contribution to Provident and Superannuation Funds.
3. All appointments are contractual.
4. None of the above employees is related to any Director of the Company except that Shri Rajesh V Shah and Shri Suketu V Shah are related to each other.

* Remuneration on an average Rs. 200,000/- per month (including terminal dues).

REPORT OF THE AUDITOR

We have audited the attached Balance Sheet of MUKAND LIMITED as at 31st March, 2009, the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date. 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 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 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 statements. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government 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 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 the books of the Company;

   (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 of the Company;

   (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 in sub-section (3C) of Section 211 of the Companies Act, 1956;

   (v) Based on the representations made by the Directors 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, as at 31st March, 2009, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   (vi) *We invite attention to the following:*

      1. *Note No. B 6(a) relating to investments amounting to Rs.1,929,600 in equity shares, and debts amounting to Rs.850,330,769 due from Bombay Forgings Limited (BFL). The Management continues to rely on the valuation of the unencumbered assets of BFL, valued as at 31st March, 2009 at Rs.549,443,000 and the earnings from BFL's ongoing business for full realisability of the Company's 'Exposures' in BFL. We are unable to make an informed judgement on the realisability of BFL's 'Exposures' and have therefore placed reliance on the judgement of the Management on the adequacy of the cover, the classification of the 'Exposures' as 'Good' and expectation of full realisability of the 'Exposures' by the Company;*

      2. *Note No. B 6(b) relating to investments amounting to Rs.431,410,000 (Net of provision for diminution) in equity shares, and loans and recoverables amounting to Rs.704,968,557 (net of provision) due from the wholly owned subsidiary - Vidyavihar Containers Limited (VCL), whose networth has eroded. The Management considers it appropriate to make no further provisions towards balance 'Exposures' in VCL, since it considers the same as 'Good'. We are unable to make an informed judgement on the realisability of balance 'Exposures' in VCL and have therefore placed reliance on the Management's opinion on the adequacy of the cover, classification of the 'Exposures' as 'Good' and expectation of full realisability of the 'Exposures' by the Company;*

      3. *Note No. B 6(c) relating to investments amounting to Rs.130,915,468 in equity shares, and advances and recoverables Rs.557,024,173 (net of provision) due from Stainless India Limited (SIL) whose networth has eroded and has been referred to BIFR. The Company has during the year provided for diminution in the value of its entire investment in equity shares. The Management considers it appropriate to make no further provisions towards balance 'Exposures' in SIL, since it considers the same as 'Good'. We are unable to make an informed judgement on the realisability of balance 'Exposures' in SIL and have therefore placed reliance on the Management's opinion on the adequacy of the cover, classification of the 'Exposures' as 'Good' and expectation of full realisability of the 'Exposures' by the Company;*

      4. *Note No. B 6(d) relating to investments amounting to Rs.262,495,000 in equity shares, and interest recoverable aggregating Rs.118,848,390 due from its wholly owned subsidiary Mukand Global Finance Limited (MGFL), whose recovery is dependent upon realisation of the financial assets that MGFL stands invested into at the close of the year. While the Company has, during the year, provided as doubtful of recovery the interest receivable from MGFL amounting to Rs.118,848,390/-, we are unable to make an informed judgement on the realisability of MGFL's balance 'Exposures' and have therefore placed reliance on the Management's opinion on the adequacy of the cover, classification of the balance 'Exposures' as 'Good' and full realisability of the 'Exposures' of the Company;*

      5. *Reference is invited to Note No. B 12 (c) relating to our inability to determine accrued losses and corresponding realisabilities in respect of the Road Construction Contracts;*

      In view of what is reported above, the aggregate impact of the same is not quantifiable by us.

4. In our opinion and to the best of our information and explanations given and Management representations made to us, the said financial statements, *subject to our reservations expressed in para. 3(vi) above,* and read together with the notes thereon, present 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, 2009;

   (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 and on behalf of

DALAL & SHAH
Chartered Accountants
ASHISH DALAL
Partner
Membership No.: 33596

Mumbai: 30th May, 2009

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MUKAND LIMITED FOR THE YEAR ENDED 31ST MARCH, 2009

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

i. (a) The Company has generally maintained proper records showing particulars, including quantitative details of its fixed assets, except for certain movable assets, where records are to be updated;

(b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the Management at reasonable intervals, according to a phased verification programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its assets. According to the information and explanations given to us, discrepancies noticed on physical verification of assets were adjusted in the books of account;

(c) The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern;

ii. (a) As explained to us, inventories have been physically verified during the year by the Management, except for inventories lying with outside parties, which have been confirmed by them;

(b) The procedures explained to us, which are followed by the Management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;

(c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of the Company;

iii. (a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956;

(b) According to the information and explanations given to us, the details of secured and unsecured loans taken from companies covered in the register maintained under Section 301 of the Companies Act, 1956, are as under :

	No. of parties	Amount (Rs.)
Opening Balance	0	Nil
Taken during the year	5	593,500,000
Repaid during the year	2	406,000,000
Closing Balance	4	187,500,000

There were no other loans, secured or unsecured, taken from firms or any other party;

(c) In our opinion, the terms of these loans are, prima facie, not prejudicial to the interest of the Company;

(d) According to the information and explanations given to us, the payment of principal and interest was regular, *except in the case of one party, where the amounts have been repaid after the due dates.* There were no amounts outstanding as at the close of the year.

iv. 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 the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any major weakness in internal controls;

v. (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations made to us, we are of the opinion that, the particulars of contracts or arrangements in which directors were interested as contemplated under Sections 297 and 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered;

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time;

vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and its Rules and also the directives of Reserve Bank of India with regard to acceptance of deposits from the public. Since the Company has not defaulted in repayment of deposits, compliance of Section 58AA or obtaining any order from the Company Law Tribunal or Reserve Bank of India or any other tribunal does not arise;

vii. In our opinion, the Company has an internal audit system (including internal audit carried out by firms of Chartered Accountants appointed by the Management) which is commensurate with the size of the Company and the nature of its business;

viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act,1956 in respect of the Company's products to which the said rules are applicable, and are of the opinion that, prima-facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate;

ix. (a) According to the records of the Company and the information and explanations given to us, we have to state that, the Company is generally regular in depositing statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Wealth Tax, Customs Duty, Excise Duty and other material statutory dues. There have been delays in depositing undisputed Income tax, Income tax Deducted at Source, Service Tax, Sales Tax and Cess. However, no amounts were outstanding for more than six months *other than Income tax of Rs.16,232,400, and Custom duty of Rs.240,016, as at 31st March, 2009, from the date they became payable*;

(b) On the basis of our examination of the documents and records of the Company, there were no disputed dues in respect of Income Tax, Wealth tax, Service tax, Customs duty and Cess. However, the following disputed dues have not been deposited with the relevant authorities:

Nature of Dues	Amount (Rs.)	Forum where dispute is pending
Sales tax & Entry Tax	46,363,674	High Court
	10,459,706	Sales tax Tribunal
	69,621,249	Departmental Authorities
Excise duty	1,500,000	High Court
	871,860	Tribunal

x. The Company does not have accumulated losses at the end of the current financial year. The Company has incurred cash losses in the current year, but not in the immediately preceding year;

xi. According to the records examined by us and the information and explanations given to us, and after considering the Financial Restructuring Package (FRP) approved by the Corporate Debt Restructuring Cell, we have to state that, there have been delays during the year in repayment of principal and interest dues to Banks, Financial Institutions and Debenture holders. However, these delays did not result in default in terms of the said FRP;

xii. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities;

xiii. On the basis of our examination of the documents and records of the Company, the Company has not dealt in, or traded in shares, securities, debentures and other investments;

xiv. According to the information and explanations given to us and the representations made by the Management, the Company had given a guarantee to a bank for a loan taken by another company in earlier years. Although the other company has repaid the said loan during the year, the guarantee has not been vacated by the Bank. In view of the said repayment, the terms and conditions of the guarantee, at present, do not seem to be, prima-facie, prejudicial to the interest of the Company;

xv. On the basis of the records examined by us and according to the information and explanations given to us, the Company has not obtained any term loan during the year;

xvi. According to the information and explanations given to us, and on an overall examination of the Financial Statements of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of long term and short term usages of funds and after considering the Financial Restructuring Package approved by the Corporate Debt Restructuring Cell wherein outstanding sums including interest have been converted into long term funds, we are of the opinion that, prima-facie, short term funds have not been utilized for long term investment;

xvii. The Company has not made any preferential allotment of shares during the year;

xviii. On the basis of the records and documents examined by us, the Company has, during the year, issued short term privately placed secured debentures amounting to Rs.30 Crore, which have been repaid prior to creation of any security in favour of the debentureholders;

xix. The Company has not raised any money by way of public issue during the year;

xx. According to the information and explanations given to us, and to the best of our knowledge and belief, no significant fraud on or by the Company, has been noticed or reported 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 the matters referred to in the various clauses of the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004, clauses (iii)(b), (iii)(c), (iii)(d) and (xiii) of paragraph 4 of the aforesaid Order, are, in our opinion, not applicable to the Company.

For and on behalf of

DALAL & SHAH
Chartered Accountants
ASHISH DALAL
Partner
Membership No.: 33596

Mumbai: 30th May, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule		31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
I SOURCES OF FUNDS				
(1) Shareholders' Funds				
(a) Share Capital	1	787,520		787,520
(b) Reserves and Surplus	2	17,190,413		6,953,812
			17,977,933	7,741,332
(2) Deffered Tax Liability (net) [Refer Note B(19)]			—	594,622
(3) Loan Funds				
(a) Secured Loans	3	12,398,588		10,987,499
(b) Unsecured Loans	4	1,522,031		1,958,954
			13,920,619	12,946,453
Total			31,898,552	21,282,407
II APPLICATION OF FUNDS				
(1) Fixed Assets	5			
(a) Assets				
(i) Gross Block		24,909,537		12,119,065
(ii) Less: Depreciation		6,026,075		5,490,303
(iii) Net Block		18,883,462		6,628,762
(b) Capital Work-in-Progress		2,717,728		2,421,158
			21,601,190	9,049,920
(2) Investments	6		1,049,392	1,115,995
(3) Current Assets, Loans and Advances				
(a) Inventories	7	6,227,423		6,960,795
(b) Sundry Debtors	8	6,414,879		5,741,511
(c) Cash and Bank Balances	9	1,044,378		1,392,190
(d) Other Current Assets	10	44,671		331,393
(e) Loans and Advances	11	3,717,555		3,647,385
		17,448,906		18,073,274
Less:				
Current Liabilities and Provisions				
(a) Liabilities	12	7,511,680		6,122,330
(b) Provisions	13	739,162		890,600
		8,250,842		7,012,930
Net Current Assets			9,198,064	11,060,344
(4) Deferred Revenue Expenditure (to the extent not written off or adjusted)	14		49,906	56,148
Total			31,898,552	21,282,407
Statement of Significant Accounting Policies adopted by the Company and Notes forming part of the Accounts	20			

As per our attached report of even date
For and on behalf of
Dalal & Shah
Chartered Accountants

Niraj Bajaj
Chairman & Managing Director

Rajesh V Shah
Co-Chairman & Managing Director

Suketu V Shah
Joint Managing Director

Ashish Dalal
Partner
Mumbai : May 30, 2009

K J Mallya
Company Secretary
Mumbai, May 30,2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule		2008-09 Rs.'000	2007-08 Rs.'000
INCOME				
Sales, Services and Other Income	15			
Gross Sales and Services		21,502,179		22,005,049
Less : Excise Duty recovered		2,313,276		2,737,169
Net Sales and Services			19,188,903	19,267,880
Other Income			295,027	222,752
			19,483,930	19,490,632
EXPENDITURE				
Raw Materials Consumed	16		10,247,292	9,679,258
Operating and Other Expenses	17		8,845,495	8,756,634
Variation in Opening and Closing Stocks	18		361,110	(1,453,001)
Purchase of Goods for Trade (including semi-finished)			251,919	276,429
Finance and Lease Charges	19		1,352,346	1,191,260
Depreciation			578,419	579,426
			21,636,581	19,030,006
Less :Expenditure transferred to Capital Accounts/ Capital Work-in-Progress			(109,847)	(348,109)
			21,526,734	18,681,897
			(2,042,804)	808,735
Add / (Less) :				
Exceptional Items (net) [Refer Note B(16)]			(414,815)	90,213
Profit/(Loss) before tax			(2,457,619)	898,948
(Less): Provision for taxation :				
Fringe Benefit Tax (Including share of Fringe Benefit Tax under Strategic Alliance - Rs 1,720,497/- Previous year Rs 1,524,120/-)		(9,720)		(10,024)
Wealth Tax		(650)		(630)
Current Tax (MAT under Section 115 JB of the Income-tax Act, 1961)		—		(92,735)
Deferred Tax (Charge)/Credit		594,622		(294,314)
MAT Credit Entitlement		—		92,735
			584,252	(304,968)
Profit/(Loss) after tax			(1,873,367)	593,980
Add/(Less):				
Prior Period Adjustments (net) [Refer Note B(17)]			(14,672)	(69,810)
Excess/(Short) provision for tax			956	(1,749)
			(1,887,083)	522,421
Balance brought forward from previous year			1,230,383	1,163,072
Balance available for Appropriations			(656,700)	1,685,493
Appropriations :				
Transferred from Debenture Redemption Reserve		62,500		129,687
Transferred to Debenture Redemption Reserve		—		(199,250)
Proposed Preference Dividend		(6)		(6)
Proposed Equity Dividend		—		(73,114)
Tax on Preference / Equity Dividend		(1)		(12,427)
Transfer to / from General Reserve		594,207		(300,000)
			656,700	(455,110)
Balance carried to the Balance Sheet			—	1,230,383
Weighted average number of Equity Shares outstanding during the year			73,114,129	73,114,129
Basic and diluted earnings per share including Exceptional Items (in Rs.)			(25.81)	7.15
Basic and diluted earnings per share excluding Exceptional Items (net of tax) (in Rs.)			(20.14)	5.91
Nominal value of share (in Rs.)			10.00	10.00
Statement of Significant Accounting Policies adopted by the Company and Notes forming part of the Accounts	20			

As per our attached report of even date
For and on behalf of

Dalal & Shah	**Niraj Bajaj**	**Rajesh V Shah**	**Suketu V Shah**
Chartered Accountants	Chairman & Managing Director	Co-Chairman & Managing Director	Joint Managing Director

Ashish Dalal
Partner
Mumbai : May 30, 2009

K J Mallya
Company Secretary
Mumbai, May 30,2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

Rs.'000

	2008-09	2008-09	2008-09	2007-08	2007-08	2007-08
A. Cash Flow arising from Operating Activities						
Profit/(Loss) before tax and exceptional items			(2,042,804)			808,735
Add back :						
(1) Depreciation		578,419			579,426	
(2) Other Non-cash Expenditure -(net)		410			(42,234)	
(3) Interest / Lease Charges (net)		1,266,150			1,130,827	
			1,844,979			1,668,019
			(197,825)			2,476,754
Deduct :						
(1) Investment Income		1,252			1,247	
(2) Surplus/(Loss) on sale of assets -(net)		(16)			(5,564)	
			1,236			(4,317)
Operating Profit before Working Capital changes			(199,061)			2,481,071
Less : Working Capital Changes						
(1) Increase in Trade and Other Receivables	841,651			920,874		
(2) Increase in Inventories	—			1,994,303		
		841,651			2,915,177	
Less:						
(i) Decrease in Inventories	733,372			—		
(ii) Increase in Trade Payables	1,295,721			1,842,255		
		2,029,093			1,842,255	
Net Working Capital changes			(1,187,442)			1,072,922
Cash Flow from Operations			988,381			1,408,149
Less : Direct taxes paid			93,510			171,861
			894,871			1,236,288
Less : Prior period adjustments (Net)			(180)			70
Net Cash Inflow from Operating Activities			895,051			1,236,218
B. Cash Flow arising from Investing Activities						
Inflow						
(1) Sale of Fixed Assets		12,602			1,639	
(2) Interest received on Loans to Subsidiaries and Other Companies		5,139			25,527	
(3) Dividends received		1,252			1,247	
(4) Decrease in Loans to Subsidiaries and Other Companies		227,461			246,250	
			246,454			274,663
Deduct Outflow						
(1) Acquisition of Fixed Assets		867,194			2,451,412	
(2) Acquisition of Investments (including application money)		64,313			60,000	
(3) Increase in Loans to Subsidiaries and Other Companies		—			50	
			931,507			2,511,462
Net Cash Inflow /(Outflow) from Investing Activities			(685,053)			(2,236,799)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

Rs.'000

	2008-09	2008-09	2008-09	2007-08	2007-08	2007-08
C. Cash Flow arising from Financing Activities						
Inflow						
(1) Increase in Debentures		300,000			750,000	
(2) Increase in Working Capital Loans from Banks - (net)		1,696,597			1,865,671	
(3) Increase in Other Unsecured Loans (net)		289,487			1,159,337	
			2,286,084			3,775,008
Deduct Outflow						
(1) Redemption of Debentures		624,180			579,000	
(2) Decrease in Term Loans - (net)		490,809			662,519	
(3) Dividends paid		85,547			85,547	
(4) Interest / Lease charges - (net)		1,528,291			1,459,663	
			2,728,827			2,786,729
Net Cash Inflow/(Outflow) from Financing Activities			(442,743)			988,279
Net Increase / (Decrease) in Cash/Cash Equivalents			(232,745)			(12,302)
Add : Balance at the beginning of the year			552,885			565,187
Cash/Cash Equivalents at the close of the year			320,140			552,885

Notes :

1) Cash/Cash Equivalents exclude balances with banks in Margin Money Accounts : 31.3.2009 - Rs. 724,238,463; 31.3.2008 - Rs 839,305,099/-; 31.3.2007 - Rs.430,185,550/-;

As per our attached report of even date
For and on behalf of

Dalal & Shah	**Niraj Bajaj**	**Rajesh V Shah**	**Suketu V Shah**
Chartered Accountants	Chairman & Managing Director	Co-Chairman & Managing Director	Joint Managing Director
Ashish Dalal			**K J Mallya**
Partner			Company Secretary
Mumbai : May 30, 2009			Mumbai, May 30,2009

SCHEDULES TO THE ACCOUNTS

Schedules '1' to '20' annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the year ended 31st March, 2009			31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
1. SHARE CAPITAL				
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
			1,250,000	1,250,000
Issued :				
5,626,320	0.01% Cumulative Redeemable Preference Shares of Rs. 10/- each.		56,263	56,263
73,159,805*	Equity Shares of Rs.10/- each		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		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	116		116
			731,257	731,257
* Includes 28,031 Equity Shares which have been kept in abeyance by the Stock Exchange Authorities.			787,520	787,520
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		290,950		221,387
Add / (Less):				
- Transferred to Profit and Loss Account		(62,500)		(129,687)
- Set aside during the year		—		199,250
			228,450	290,950
Capital Redemption Reserve:				
As per last Account			30,000	30,000
Revaluation Reserve:				
As per last Account		1,266,293		1,266,293
Add: Additions on revaluation [Refer Note B(3)(II)]		12,123,691		—
			13,389,984	1,266,293
General Reserve:				
As per last Account		1,880,671		1,592,672
Add / (Less):				
- Adjustment on account of Employee Benefits (net of tax)		—		(12,001)
- Transferred to Profit and Loss Account for adjustment and for Preference Dividend and tax thereon		(594,207)		—
- Set aside during the year		—		300,000
			1,286,464	1,880,671
Surplus as per annexed Profit and Loss Account			—	1,230,383
			17,190,413	6,953,812
3. SECURED LOANS [Refer Note B (2)]				
a) **Debentures**			1,159,895	1,484,075
b) **Long Term Loans in Indian Rupees from : #**				
- Financial Institutions		2,472,891		2,650,590
- Banks		3,674,623		3,813,191
- Companies		340,890		279,601
- Housing Development Finance Corporation Ltd.		250,000		—
			6,738,404	6,743,382
c) **Interest Accrued and due**			43,650	—
d) **Working Capital Loans from Banks**			4,456,639	2,760,042
			12,398,588	10,987,499

 # includes funded interest term loans in respective categories

SCHEDULES TO THE ACCOUNTS (Contd.)

		31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
4. UNSECURED LOANS			
Fixed Deposits [Refer Note B(2)(II)]		818,148	509,771
Short Term Loan from:			
- Companies	680,700		926,000
- Banks	—		500,000
		680,700	1,426,000
Sales Tax Deferment Loan		23,183	23,183
		1,522,031	1,958,954

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

(a) Assets — Rs.'000

	GROSS BLOCK (At Cost / Book Value)					DEPRECIATION				NET BLOCK	
	As at 1st April, 2008	Additions/ Adjustments	Deductions/ Adjustments	Adjustments/ Additions/ (Deductions) to Revalued Assets	As at 31st March, 2009	As at 1st April, 2008	For the year	Recouped during the year	As at 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
Freehold Land @	1,308,416	—	—	12,123,691	13,432,107	—	—	—	—	13,432,107	1,308,416
Leasehold Land $	50,887	119,443	2,336 *	—	167,994	—	—	—	—	167,994	50,887
Railway Siding	—	130,418	—	—	130,418	—	6,724	—	6,724	123,694	—
Buildings and Roads	1,332,227	186,678	70,461	—	1,448,444	447,968	39,173	22,364	464,777	983,667	884,259
Plant and Machinery	9,210,675	298,731	(6,539) **	—	9,515,945	4,933,999	517,112	16,586	5,434,525	4,081,420	4,276,676
Furniture,Fixtures,etc.	114,586	3,123	2,636	—	115,073	58,029	5,411	1,839	61,601	53,472	56,557
Vehicles	102,274	841	3,559	—	99,556	50,307	9,999	1,858	58,448	41,108	51,967
Total	12,119,065	739,234	72,453	12,123,691	24,909,537	5,490,303	578,419	42,647 #	6,026,075	18,883,462	6,628,762
Previous year's Total	11,502,057	697,475	80,467	—	12,119,065	4,982,315	579,426	71,438 #	5,490,303	6,628,762	
(b) Capital Work-in-Progress, expenditure todate										2,717,728	2,421,158
										21,601,190	9,049,920

@ Registration pending for part of land acquired for Coke Oven Project at Ginigera, Karnataka
$ Pending execution of lease agreement and registration for Leasehold land at Dighe, Thane
* Represents amount written off on account of amortization of Leasehold Land
# Net of depreciation for earlier years on reclassification of certain assets Rs. 13,148,978/- (Previous year Rs. Nil) and short depreciation for earlier years Rs. 1,703,011/- (Previous year Rs. 468,760/-)
**Net of Rs. 70,461,388/- on reclassification of certain assets (Previous year Rs. Nil)

				31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
6. INVESTMENTS, At Cost / Book Value					
I. Long Term Investments :					
A. In Subsidiary Companies (Unquoted) :					
	(i) Mukand Global Finance Ltd.				
11,749,500	Equity Shares of Rs.10/-each, fully paid up [Refer Note B(6)(d)]		262,495		262,495
	(ii) Mukand International Ltd.				
600,000	Ordinary Shares of Stg. Pound 1/-each, fully paid up		29,956		29,956
	(iii) Vidyavihar Containers Ltd.				
11,976,762	Equity Shares of Rs.100/-each, fully paid up [Refer Note B (6)(b)]	616,300			616,300
	Less : Provision for diminution in the value of investments	184,890			184,890
			431,410		431,410
	(iv) Mukand Vijayanagar Steel Ltd.				
70,000	Equity Shares of Rs.10/-each, fully paid up	702			702
	Less : Provision for diminution in the value of investments	100			100
			602		602
	Carried Over Total (A)			724,463	724,463

SCHEDULES TO THE ACCOUNTS (Contd.)

6. INVESTMENTS, At Cost / Book Value (Contd.)

			31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
	Brought Over Total (A)		724,463	724,463
	B. Trade (Quoted) :			
	(i) Orissa Sponge Iron Ltd.			
11,660	Equity Shares of Rs.10/-each, fully paid up (Excludes 105 bonus equity shares received in excess in an earlier year)		106	106
	C. Trade (Unquoted) :			
	(i) Metal Scrap Trade Corporation Ltd.			
14,900	Equity Shares of Rs. 10/-each, fully paid up	74		74
	(ii) Hospet Steels Ltd.			
70,000	Equity Shares of Rs. 10/-each, fully paid up	700		700
	(iii) Mukand Bekaert Wire Industries Pvt. Ltd. (A Joint Venture Company)			
11,000,000 (1,000,000)	Equity Shares of Rs. 10/-each, fully paid up	110,000		10,000
	(iv) Mukand Vini Mineral Pvt. Ltd. (A Joint Venture Company)			
561,315	Equity Shares of Rs. 10/-each, fully paid up	5,613		—
(—)			116,387	10,774
	D. Other than trade (Quoted) :			
	(i) Mukand Engineers Ltd.			
4,539,781	Equity Shares of Rs.10/-each, fully paid up		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 [Refer Note B 6(c)]	130,916		130,916
	Less: Provision for diminution in the value of investments	(130,916)		—
		—		130,916
	(ii) Lazard Creditcapital Ltd.			
100	Equity Share of Rs.10/-each, fully paid up	1		1
	(iii) Bombay Forgings Ltd.			
28,800	Equity Shares of Rs.66.67 each fully paid up [Refer Note B(6)(a)]	1,929		1,929
	(iv) Pradip Realtors Pvt. Ltd.			
12	Equity Shares of Rs.10/-each, fully paid up (Rs.120/-); [Previous year (Rs.120/-)]			
	(v) The Greater Bombay Co-operative Bank Ltd.			
10	Equity Shares of Rs.25/-each, fully paid up (Rs. 250/-) [Previous year (Rs. 250/-)]			
			1,930	132,846
			1,040,692	1,065,995
	II. Share Application Money: Mukand Bekaert Wire Industries Pvt. Ltd. [A Joint Venture Company]		8,700	50,000
			1,049,392	1,115,995

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.

	Book Value as at		Market Value as at	
	31st March, 2009	31st March, 2008	31st March, 2009	31st March, 2008
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Quoted Investments	197,912	197,912	50,832	136,400
Unquoted Investments	842,780	868,083		
	1,040,692	1,065,995		

SCHEDULES TO THE ACCOUNTS (Contd.)

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

			31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
7.	INVENTORIES [Refer Policy A(5)]			
	Stores, Spares, Fuel, Components and Engineering Construction Materials		367,296	455,374
	Loose Tools		1,652	1,885
	Stock-in-trade :			
	Raw Materials		706,380	895,249
	Work-in-Process		1,815,582	1,688,200
	Finished Goods		1,492,683	2,114,390
	Goods for Trade:			
	- Finished Goods		4,737	31,286
	Accumulated Contract Costs / Incomplete Contract Work [Refer Policy A(7)(vi)]		1,535,558	1,492,871
	Materials-in-transit		303,535	281,540
			6,227,423	6,960,795
	Inventories-As certified and valued by a Managing Director.			
8.	SUNDRY DEBTORS, Unsecured			
	Over six months :			
	Considered good	2,468,816		1,606,306
	Considered doubtful	174,117		259,823
	Less : Provision	(174,117)		(259,823)
		—		—
			2,468,816	1,606,306
	Others :			
	Considered good		3,946,063	4,135,205
			6,414,879	5,741,511
9.	CASH AND BANK BALANCES			
	Cash on hand (including cheques on hand Rs. 33,083,323/- Previous year Rs. 103,831,072/-)		33,834	104,724
	Balances with Scheduled Banks :			
	(i) In Current Accounts	63,437		178,981
	(ii) In Margin Money Accounts	724,238		839,305
	(iii) In Deposit Accounts	13,050		85,399
			800,725	1,103,685
	Remittances-in-Transit		209,819	183,781
			1,044,378	1,392,190
10.	OTHER CURRENT ASSETS			
	Export Incentives receivable		23,003	31,046
	Interest receivable [Refer Note B (6)]	21,668		298,676
	Considered Doubtful	274,523		—
	Less : Provision	(274,523)		—
		—		—
			21,668	298,676
	Facilities at Customer's Site			
	Opening Balance (at Direct costs,less amounts written off)	1,671		3,800
	Add : Additions during the year	1,675		1,777
		3,346		5,577
	Less : Proportionate cost of facilites written off	3,346		3,906
			—	1,671
			44,671	331,393
11.	LOANS AND ADVANCES, Unsecured, considered good, unless otherwise specified			
	Loans to Subsidiaries :			
	Mukand Global Finance Ltd.		—	142,550
	Vidyavihar Containers Ltd. [Refer Note B (6)(b)]		704,969	704,969
	Mukand Vijayanagar Steel Ltd.		100	100
	Other Loans and Advances [Refer Note B(6)]		2,650	88,665
	Advances recoverable in cash or in kind or for value to be received [Refer Note B(6)(c)]	1,965,307		1,753,059
	Considered doubtful	202,254		202,254
	Less : Provision	(202,254)		(202,254)
		—		—
			1,965,307	1,753,059
	Carried Over Total		2,673,026	2,689,343

SCHEDULES TO THE ACCOUNTS (Contd.)

			31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
11.	**LOANS AND ADVANCES, Unsecured, considered good, unless otherwise specified** (Contd.)			
	Brought Over Total		2,673,026	2,689,343
	Advance payment of Income-tax		617,602	535,483
	MAT Entitlement Credit		321,888	321,888
	Balances, etc. with —			
	Port Trust, Central Excise, etc.	5,574		7,283
	Others $	99,465		93,388
			105,039	100,671
			3,717,555	3,647,385

$ Includes National Savings Certificates of the cost of Rs 163,000/-. (Previous year Rs. 100,000/-) deposited with government departments.

CURRENT LIABILITIES AND PROVISIONS

		31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
12.	**LIABILITIES**		
	Acceptances	2,966,088	2,462,586
	Sundry Creditors [Refer Note B(7)]	3,381,815	2,805,743
	Due to Subsidiary Companies	238,094	140,667
	Advances against Orders and Engineering Contracts	742,454	565,145
	Interest accrued but not due on Debentures and Loans	176,878	140,245
	Due to Employees' Provident Fund (since paid)	6,351	7,944
		7,511,680	6,122,330
13.	**PROVISIONS**		
	for Taxation	419,813	421,790
	for Premium on Redemption of Debentures	375	375
	for Employee Benefits	235,218	209,280
	for Excise Duty on Finished Goods Stock	75,598	164,190
	for Equity / Preference Dividends & tax thereon	7	85,547
	for Warranty Costs	8,151	9,418
		739,162	890,600
14.	**DEFERRED REVENUE EXPENDITURE (to the extent not written off or adjusted)**		
	Interest and lease compensation during installation of leased assets	49,739	47,549
	Front-end fees	167	8,599
		49,906	56,148

					2008-09 Rs.'000	2007-08 Rs.'000
15.	**SALES, SERVICES AND OTHER INCOME**					
	i)	**Sales and Services**				
		a)	Gross Sales [Refer Note B(12)(a) (i) to (iii)]	20,355,352		20,559,428
			Less: Excise Duty recovered	2,221,368		2,612,362
			Net Sales		18,133,984	17,947,066
		b)	Income from Engineering Contracts and Job Work [Refer Note B(12)(b) and (c)]	1,145,290		1,444,410
			Less: Excise Duty recovered	91,908		124,807
			Net Income from Engineering Contracts and Job Work		1,053,382	1,319,603
		c)	Income from Services rendered		1,537	1,211
			Total Sales and Services		19,188,903	19,267,880
	ii)	**Other Income**				
		a)	Sale of Scrap and Sundries		47,244	42,815
		b)	Sales-tax/VAT Refunds		—	6,919
		c)	Gain on variation in foreign exchange rates (Net)		—	9,958
		d)	Interest Received			
			- From Banks	65,266		49,695
			- From Others	20,930		10,738
					86,196	60,433
		e)	Insurance Claims etc.		16,414	3,731
		f)	Credit balances appropriated		2,412	13,862

SCHEDULES TO THE ACCOUNTS (Contd.)

			2008-09 Rs.'000	2007-08 Rs.'000
15. SALES, SERVICES AND OTHER INCOME (Contd.)				
g) Other Miscellaneous receipts			94,202	22,607
h) Excess provisions written back (net)			29,184	48,108
i) Surplus on account of sale of Assets			3,347	334
j) Rent received			14,776	12,738
k) Dividends (Gross) :				
from Trade Investments		1,252		805
from Mutual Fund Investments		—		442
			1,252	1,247
Total Other Income			295,027	222,752
			19,483,930	19,490,632
16. RAW MATERIALS CONSUMED				
Opening Stocks			895,249	558,820
Add : Purchases			10,074,801	10,017,696
Less : Sales / Materials given on loan			16,378	2,009
			10,953,672	10,574,507
Less : Closing Stocks			706,380	895,249
			10,247,292	9,679,258
17. OPERATING AND OTHER EXPENSES				
Employees' Remuneration, Benefits and Other Payments :				
Salaries, Wages, Bonus, Compensation and Other Payments		707,875		684,092
Contribution towards Employees' State Insurance, Provident and Other Funds		84,070		84,228
Welfare Expenses		94,831		84,706
			886,776	853,026
Manufacturing, Administrative and Selling Expenses :				
Stores, Spares, Components,Tools, etc. consumed (a)		3,121,660		3,177,165
Contract execution costs		664,389		875,120
Power and Fuel consumed		1,374,046		1,277,016
Machining and Processing charges		1,120,263		957,263
Sub-contracting expenses		200,839		233,144
Other Manufacturing expenses		104,056		104,706
Rent (net)		11,184		9,552
Hire charges		12,268		18,792
Rates and Taxes		23,966		23,749
Insurance (net)		16,433		17,600
Advertisements		455		2,673
Repairs:				
to Buildings	14,767			18,976
to Plant and Machinery (b)	44,968			49,872
to Other assets	20,677			20,704
		80,412		89,552
Commission		38,770		62,110
Freight and Forwarding (net)		489,455		631,987
Directors' Fees and Travelling Expenses		940		657
Bad Debts,debit balances and claims written off	85,314			1,029
Less : Doubtful debts provided in earlier years	83,661			—
		1,653		1,029
Proportionate cost of facilities written off		3,346		3,906
Loss on assets discarded		2,067		3,776
Loss on assets sold		1,296		2,122
Loss on variation in foreign exchange rates (Net)		215,732		—
Miscellaneous Expenses (c)		314,638		310,672
			7,797,868	7,802,591
Bank Charges			158,515	99,660
Amortization of Leasehold Land			2,336	1,357
			8,845,495	8,756,634

(a) After adjusting sales Rs. 20,362,029/- (Previous year Rs. 3,688,930/-).
(b) Excludes spares consumed for repairs.
(c) Includes non-recoverable excise duty Rs. 61,934/- and sales tax Rs.7,946,633/-on sales (Previous year Rs. 292,926/- and Rs. 168,458/- respectively).

18. VARIATION IN OPENING AND CLOSING STOCKS

	2008-09 Rs.'000	2007-08 Rs.'000
Opening Stocks :		
Work-in-Process	1,688.200	1,336,566
Finished Goods	2,114,390	1,174,375
Goods For Trade:		
- Finished Goods	31,286	—
Accumulated Contract Costs / Incomplete Contract Work	1,492,871	1,280,914
	5,326,747	3,791,855
Closing Stocks :		
Work-in-Process	1,815,582	1,688,200
Finished Goods	1,492,683	2,114,390
Goods For Trade:		
- Finished Goods	4,737	31,286
Accumulated Contract Costs / Incomplete Contract Work	1,535,558	1,492,871
	4,848,560	5,326,747
	478,187	(1,534,892)
Variation in Excise Duty on Opening & Closing Stocks of Finished Goods	(117,077)	81,891
(Increase)/Decrease in Stocks	361,110	(1,453,001)

19. FINANCE AND LEASE CHARGES

[Refer Note B (2)(D)]

		2008-09	2007-08
Interest on Debentures	154,874		146,826
Interest on Fixed Loans	1,017,599		929,873
Interest to Banks and Others	731,760		403,582
		1,904,233	1,480,281
Less :			
Interest Capitalised	170,285		105,742
Interest Income from trade dues (Gross) $	488,846		323,353
		659,131	429,095
		1,245,102	1,051,186
Finance Management Charges #		39,960	73,101
Lease Rentals		67,284	66,973
		1,352,346	1,191,260

$ Tax deducted at source on Interest Income is Rs. 19,673,740/- (Previous year Rs. 85,313,433/-)

Proportionate front end fee written off Rs. 8,432,871/- (Previous year Rs. 53,718,237/-)

NOTES FORMING PART OF THE ACCOUNTS

20. 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 Accounting:

The Financial Statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles, the applicable mandatory Accounting Standards and the relevant provisions of the Companies Act, 1956.

2. Fixed Assets:

(a) Gross Block:

(i) All fixed assets except leasehold land are stated at cost. However, fixed assets, which are revalued by the Company, are stated at their revalued book values.

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

(b) 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) Depreciation in respect of assets used for long term engineering contracts is provided on the estimated useful life of the assets.

(vi) 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.

(vii) Cost of Leasehold land is amortized over the period of lease.

3. Technical know-how:

Cost of technical know-how capitalised is amortised over the period of agreement or six years whichever is lower.

4. Investments:

Long term Investments are stated at cost of acquisition or book value; book value being arrived at after adjusting provisions for diminution in values of each investment individually, provided, such diminution is not temporary. While disposing of a part of the holding of an individual investment the carrying amount allocated to that part is determined on the basis of average carrying amount of the total marketable holding of the investment. Current investments are stated at lower of cost of acquisition and fair value.

5. Inventories:

Finished goods (including for trade), work-in-process, semi-finished goods for trade, Raw materials, Stores, Spares, Fuel, Components, and Loose Tools are valued at cost or net realizable value whichever is lower. Materials-in-transit are valued at cost-to-date. Construction materials are valued at cost less amount written off over its estimated useful life. 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. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company. The cost formulae used for determination of cost are either 'First in First Out' or 'Average Cost', as applicable.

6. 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.

7. Recognition of Income and Expenditure:

(i) Revenues/incomes and costs/expenditure are generally accounted on accrual as they are earned or incurred.

(ii) Sale of Goods is recognised on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods. Export Sales are accounted for on the basis of dates of "On Board Bill of Lading".

(iii) Liability for Excise Duty and Customs Duty payable on goods held in bond at the year end is provided for.

(iv) Project Development expenses pending adjustment / recoverable:

Expenditure incurred during developmental and preliminary stages of the Company's new projects, are carried forward. However, if any project is abandoned, the expenditure relevant to such project is written off through the natural heads of expenses in the year in which it is decided to be abandoned.

(v) 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.

(vi) Accounting for Long Term Engineering Contracts:

(a) Revenue for engineering contract work executed (including supplies & services) is recognised on the basis of percentage completion method and only after the work has progressed to the extent of 10% in each composite contract. Till such time, all the costs are carried forward to the next accounting year as "Accumulated Contract Costs" under "Inventories". Recognition of revenue is matched with expenses incurred (on accrual basis) after considering the contract value with associated costs. Costs and Revenue are both recognised upto 90% and debtors are reflected accordingly. Balance is recognised only upon the Preliminary/Final acceptance of job by the client. Periodic advances received from customers are not considered as income.

(b) Income which arises out of invoicing of contract work and the contract costs which are accounted on accrual basis, are, both, credited to income or charged to revenue, as the case may be, only after atleast 10% of the total estimated contract costs (i.e. direct and indirect costs) are incurred (on accrual basis). Till such time, all the costs are carried forward to the next accounting year as "Accumulated Contract Costs" under "Inventories" and recognition of revenue is correspondingly postponed. Direct costs include all expenses specifically attributable to the contract. Variation in estimates of contract costs are updated each year by technical certification.

(c) "'Accumulated Contract Costs", after the stage when they are not any further to be carried forward in terms of (b) above, are charged to revenue to the extent not specifically attributable to the contract and balance is transferred to "Incomplete Contract Work" under "Inventories".

(d) Variations by way of escalation in price and quantum of work is recognised as revenue in the year in which claims are lodged as per the terms of contract. Other claims are recognised as revenue only upon final acceptance by the customer.

(e) All facilities in the nature of assets created at the customers' site and which are to be abandoned at the end of the contract, are, when under construction, carried forward at Direct cost to-date as "Facilities at Customer's site - Under Construction". Upon subsequent completion, they are carried forward as "Facilities at Customer's site-Completed"(both being grouped as "Other Current Assets"). The completed facilities are written off in equal annual instalments over the period commencing from the year of completion of the facility upto the contracted year for completion of the contract . Billable reimbursements against such facilities, if separately identified in a contract, are similarly credited in equal annual instalments against the write-off over the said period.

(f) The contracted claims for liquidated damages, arising out of defaults attributable to the Company are accounted in the year claims are accepted.

(vii) (a) Rent payable for premises taken on lease is charged to revenue .

(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.

(c) Transactions relating to Other Assets taken on lease on or after 1.4.2001 are accounted as per Accounting Standard 19 (AS-19) on Leases.

(d) Assets taken on operating lease are those where a significant portion of the risks and rewards of ownership is retained by the lessors. Lease rentals are charged to revenue on accrual basis.

(viii) Share and Debenture issue expenses and Premium on Redemption of Debentures are charged to the Profit and Loss Account. An equivalent amount (net of tax) is withdrawn from the available balance in Securities Premium Account and credited to the Profit and Loss Account.

(ix) Front-end fees paid on borrowings are amortised over the period of loans/debentures or over a period of three years whichever is shorter.

8. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known.

9. Research and Development Expenditure:

Revenue expenditure, including overheads on Research and Development, is charged out as expenditure through the natural heads of expenses in the year in which it is incurred. Expenditure which results in the creation of capital assets is taken to fixed assets and depreciation is provided, as applicable.

10. Employee Benefits:

(a) Short Term Employee Benefits:

(i) Short term employee benefits are recognised as expenditure at the undiscounted value in the Profit and Loss Account of the year in which the related service is rendered.

(b) Post Employment Benefits:

(i) Defined Contribution Plans :

Company's contribution to the superannuation scheme, pension under Employees' Pension Scheme, 1995 etc are recognised during the year in which the related service is rendered.

(ii) Defined Benefit Plans :

Gratuity :

Gratuity liability is covered under the Gratuity-cum-Insurance Policy of Life Insurance Corporation of India (LIC) by Mukand Employees' Gratuity Fund. The present value of the obligation is determined based on an actuarial valuation, using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognised immediately in the Profit and Loss Account. The amount funded by the Trust administered by the Company under the aforesaid Policy, is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on a net basis.

Provident Fund :

Monthly contributions are made to a Trust administered by the 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 shortfall, if any, between the return on investments of the Trust and the notified interest rate.

(c) Long term compensated absences are provided on the basis of actuarial valuation.

(d) Termination Benefits :

Termination Benefits are charged to Profit and Loss Account in the year of accrual.

11. Expenditure during Construction:

(a) New Projects :

In case of new projects and substantial modernisation / expansion at existing units of the Company, all pre-operating expenditure, initial spares acquired with machineries, interest on specific borrowings for the purpose, interest on general (interest bearing) funds of the Company whenever utilised for such expenditure and costs incurred for raising borrowings specifically for the purpose, are capitalised pro-rata to the cost of qualifying fixed assets upto the date of installation.

(b) Other Major Fixed Assets:

In case of acquisition/construction of major fixed assets, initial spares acquired with the assets, interest on specific borrowings for the purpose, are capitalised pro-rata to the cost of qualifying fixed assets upto the date of acquisition / installation.

12. Accounting for taxes on Income:

Current tax is determined as an amount of tax payable in respect of taxable income for the year. Minimum Alternate Tax (MAT) eligible for set-off in subsequent years (as per tax laws), is recognized as an asset by way of credit to the Profit and Loss Account only if there is convincing evidence of its realization. At each Balance Sheet date, the carrying amount of MAT Credit Entitlement receivable is reviewed to reassure realization. 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 is recognized, subject to the consideration of prudence in respect of deferred tax assets arising due to timing differences, being the difference between taxable income and accounting income which originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, 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.

Provision for Fringe Benefit Tax is made on the basis of the fringe benefits provided/deemed to have been provided during the year at the rates and values applicable to the relevant Assessment Year.

13. Impairment of Assets :

The Carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

14. Provisions, Contingent Liabilities and Contingent Assets

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. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

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)]

(a) 800,000, 10.50% (2006-18) Mortgage Debentures, 2,500,000, 10.5% (2006-18) Mortgage Debentures, 2,500,000, 10.5% (2006-18) Mortgage Debentures, 50 Floating Rate (2007-11) Mortgage Debentures are secured by way of first pari-passu charge against mortgage of Company's freehold land, immovable assets and movable assets both present and future of the Company at Kalwe and Dighe, Dist. Thane, in the State of Maharashtra and leasehold land, immovable assets and movable 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 subject to the prior charge of the Company's bankers on stocks (excluding machinery spares) and book debts for working capital facilities referred at (iii) below.

(b) 5,000, 10.75% (2008-09) Mortgage Debentures are secured by first pari passu charge against one residential premises at Mumbai and also by second charge against two other residential premises and office premises at Mumbai.

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

(a) Loans from Financial Institutions, Banks and a Company are secured / to be secured by way of first pari-passu charge against mortgage of Company's freehold land, immovable assets and movable assets both present and future of the Company at Kalwe and Dighe, Dist. Thane, in the State of Maharashtra and leasehold land, immovable assets and movable 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)(a) above except loans at (ii)(d) to (ii)(f) and working capital facilities from banks at (iii) below, subject to the prior charge of the Company's bankers on stocks (excluding machinery spares) and book debts.

(b) Priority Loan of Rs.1,600,000,000/- (balance outstanding as at 31.03.2009–original loan was for Rs.3,000,000,000/-) from ICICI Bank Ltd. is secured by way of first pari-passu charge against mortgage of Company's freehold land, immovable assets and movable assets both present and future of the Company at Kalwe and Dighe, Dist. Thane, in the State of Maharashtra and leasehold land, immovable assets and movable 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)(a) above, except loans at (ii)(d) to (ii)(f) and working capital facilities from banks at (iii) below, subject to the prior charge of the Company's bankers on stocks (excluding machinery spares) and book debts.

(c) Loan of Rs.74,637,176/- (balance outstanding as at 31.03.2009 – original loan was for Rs.100,000,000/-) from a Company is to be secured by way of a first charge against specific equipment of Road Construction Division.

(d) Loan of Rs.250,000,000/- from HDFC Ltd. is to be secured against mortgage of part of lease hold land at Dighe, Thane. Company is in the process of obtaining required permissions from Maharashtra Industrial Development Corporation in this regard.

(e) Loan of Rs.100,000,000/- from a Company is secured against hypothecation of specific movable plant and machinery, furniture and fixtures and office equipment.

(f) Vehicle Loans from ICICI Bank Ltd., and HDFC Bank Limited amounting to Rs.4,101,370/- are secured by way of hypothecation of specific vehicles.

(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 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 charge against mortgage of Company's immovable assets at Kalwe and Dighe, Dist. Thane, in the State of Maharashtra and Ginigera / Kanakapura, 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.

Note : Security given for the above referred debentures, loans and working capital facilities mentioned above exclude:

- 48 acres of grant land at Kalwe and Dighe, Dist. Thane in the State of Maharashtra.
- Balance of Leasehold land at Dighe, Thane, i.e., after excluding the area 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.

(iv) Dena Bank has provided working capital and other facilities to M/s. JSC Centrodorstroy, Russia with whose co-operation Company is executing a Road Construction Project in the State of Uttar Pradesh. The said facilities are secured by stocks, book debts and movable assets of Road Construction Division, first charge against two residential flats at Mumbai, first charge against a residential flat at Delhi 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% (2006-18) Privately placed Mortgage Debentures of Rs.100/- each aggregating Rs.80,000,000/- were redeemable in full on expiry of 3 years from 2nd April, 1998. Rescheduled for repayment in 144 installments from 2006 to 2018 in terms of Financial Restructuring Package approved by Corporate Debt Restructuring Cell (CDR) in July 2003.

(ii) 2,500,000, 10.5% (2006-18) Privately placed Mortgage Debentures of Rs.100/- each aggregating Rs.250,000,000/- were redeemable in full on expiry of 5 years from 15th April, 1998. Rescheduled for repayment in 144 monthly installments from 2006 to 2018 in terms of financial restructuring package approved by CDR in July 2003.

(iii) 2,500,000, 10.5% (2006-18) Privately placed Mortgage Debentures of Rs.100/- each aggregating Rs.250,000,000/- were redeemable in one installment on 15th October, 2001. Rescheduled for repayment in 144 monthly installments from 2006 to 2018 in terms of financial restructuring package approved by CDR in July 2003.

(iv) 50 Floating Rate (2007-11) Privately Placed Mortgage Debentures of Rs.5,000,000/- each aggregating Rs.250,000,000/- are redeemable in 5 equal annual installments of Rs.50,000,000/- each commencing from 15th December 2007.

(v) 5,000, 10.75% (2008-09) Privately Placed Mortgage Debentures of Rs.100,000/- each aggregating Rs.500,000,000/- were redeemable in two equal instalments on 9th February, 2009 and 13th March, 2009. These have been rescheduled for payment by 15th September, 2009 and the rate of interest would be 12.75% w.e.f. 13th March, 2009. The instalment due in April 2009 amounting to Rs.150,000,000/- has been paid.

Rescheduling of loan instalments

(i) The principal term debt is to be repaid in 144 monthly instalments commencing from April 2006 and ending in March, 2018 with a pre-determined ballooning schedule. Instalments due during the year have been paid.

(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 96 instalments commencing from April 2005 and ending in March, 2013 with a ballooning schedule. Instalments due during the year have been paid.

(C) **Debenture Redemption Reserve:**

Due to losses incurred during the year, the Company has not set aside any amount towards Debenture Redemption Reserve as provided in the relevant Trust Deeds.

(D) **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, 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.182.60 million.

(iii) The Company shall ensure balance realization of non-core assets and investments aggregating Rs.1,200 million (net of amounts realized till 31.03.2009) over a specified time schedule ending on 31st March 2010.

(iv) Debts of about Rs.118 million were to be converted into equity. CDR has waived this condition on Company repaying debt along with interest @ 18% per annum compounded on quarterly basis w.e.f. 1st April, 2002.

(v) Lenders shall have a right of recompense upto 12% per annum in excess of the effective IRR charge in FRP for initial 8 years.

(vi) 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**

'Fixed Deposits in Schedule 4' includes unclaimed Fixed Deposits as at 31st March, 2009 amounting to Rs.5,034,000/- (Previous Year Rs. 4,358,000/-).

3. **Fixed Assets:**

(i) The Company was allotted leasehold land at Trans -Thane Creek Industrial Area, Dighe, at a provisional occupancy price of Rs.20,400,000/- by Maharashtra Industrial Development Corporation (MIDC). The Order of the Court at Thane by which partial refund of Rs.5,400,000/- was granted to the Company was under appeal by MIDC in the Bombay High Court. As per consent terms signed on 4th April, 2009 between MIDC and Company, a total price of Rs.90,000,000/- is agreed to be paid for the said leasehold land within one month from the date of passing of an Order by the Court. The Hon'ble Court has passed an Order dated 15th April, 2009 and Company has paid Rs.69,600,000/- on 7th May, 2009, being the balance amount. Pending completion of execution of Lease Deed, registration formalities, etc., the accounting effect of this transaction has been given during the year.

(ii) Revaluation :

Free-hold land at Kalwe / Dighe, Thane as at 30.6.1983 was revalued as at 30.6.1984.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 value of this land. The addition to assets on account of this revaluation, aggregating Rs.1,143,588,433/- 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.12,123,691,000/- has been added to assets and correspondingly credited to the Revaluation Reserve as at 31.03.2009.

(iii) Gross Block of Buildings as at 31st March, 2009 includes value of offices, residential flats and garages in co-operative societies/ proposed co-operative societies/association of apartment owners and cost of time-sharing-property at a Holiday Resort, aggregating Rs.64,640,552/- at cost (Previous Year Rs. 64,267,383/-) [including cost of shares in co-operative societies Rs.7,250/- (Previous Year Rs.7,250/-)].

(iv) Capital Work-in-Progress includes Machinery-in-transit, if any.

(v) Fixed assets include net book value of assets at Ginigera Steel Plant aggregating Rs.24,000,000/- 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 31.3.2009	Depreciation as at 31.3.2009	Net Block as at 31.3.2009
Plant & Machinery	42,952	18,952	24,000

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

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

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.69,375,000/-. 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.69,375,000/-, during the Accounting Year 1997-98. The Company has, upto the close of the accounting year 2008-09, received amounts aggregating Rs.39,971,860/- against the aggregate consideration of Rs.69,375,000/-.

6. Loans, Advances, Debts etc.

(a) The Company has investments of Rs.1,929,600/- in equity shares of Bombay Forgings Limited (BFL), and has also debts amounting to Rs.850,330,769/- (Net of recoveries of Rs.174,183,500/-) (collectively referred to as 'Exposures') due from BFL whose net worth 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 relies on the valuation of unencumbered assets of BFL as at 31st March, 2009 which is at Rs.549,443,000/- and on the earnings from the ongoing business of BFL, it 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 have placed their reliance.

(b) The Company has an investment of Rs.616,300,000/- in equity shares of Vidyavihar Containers Ltd. (VCL) a wholly owned Subsidiary. The Company has outstanding balances of loans amounting to Rs.704,968,557/- and of interest receivable amounting to Rs.155,674,392/- (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.184,890,000/- and has during the year fully provided as doubtful of recovery the interest receivable from VCL and make no further provision. 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.130,915,468/- in equity shares of Stainless India Limited (SIL), has trade debts Rs.153,769,389/- (including considered doubtful and provided during an earlier year Rs.144,980,561/-), and has trade advances, aggregating Rs.748,235,345/- [including granted during the year (net) Rs.137,830,581/- and doubtful and provided during an earlier year Rs.200,000,000/-]. The Company has also given a guarantee amounting to Rs.8,303,000/- to a Bank on behalf of SIL against a long term loan of similar amount which has been fully paid by SIL by 31st March, 2009 (collectively referred to as 'Exposures').

The Net-worth of SIL has eroded and a reference has been filed with BIFR. Although, the Company's 'Exposures' have increased, the management has recognised fully the diminution in value of investments and has made no further provision of balance 'Exposures' in SIL. 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) The Company has an investment of Rs.262,495,000/- in equity shares of, and interest recoverable from Mukand Global Finance Limited (MGFL), a wholly owned subsidiary, aggregating Rs.118,848,390/- (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 has, during the year, provided as doubtful of recovery the interest receivable from MGFL amounting to Rs.118,848,390/-. The management considers the balance 'Exposure' to be 'Good' and adequately covered, upon which, the Auditors, being unable to make an informed judgement, have placed their reliance.

(e) Details of loans and advances in the nature of loans recoverable from subsidiaries/associates and shares held by loanees (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 31.3.2009	As at 31.3.2008	2008-09	2007-08
I] *Subsidiaries* :				
Mukand Global Finance Ltd. – interest free.	—	142,550	142,550	332,550
Vidyavihar Containers Ltd.	704,969	704,969	704,969	704,969
Mukand Vijayanagar Steel Ltd.	100	100	100	100
II] *Associates* :				
i) Catalyst Finance Ltd.	—	45,300	45,300	45,300
ii) Fusion Investments & Financial Services Ltd.	—	39,611	39,611	39,611

III] a) Equity Shares held by the loanees in the capital of the Company:

Name of the Loanee	No. of shares held by Loanee		Maximum no. of shares held by Loanee during the Year	
	As at 31.3.2009	As at 31.3.2008	2008-09	2007-08
i) Catalyst Finance Ltd.	647,160	647,160	647,160	647,160
ii) Fusion Investments & Financial Services Ltd.	825,680	825,680	825,680	825,680

b) Preference Shares held by the loanees in the capital of the Company:

Name of the Loanee	No. of shares held by Loanee		Maximum no. of shares held by Loanee during the Year	
	As at 31.3.2009	As at 31.3.2008	2008-09	2007-08
i) Catalyst Finance Ltd.	161,790	161,790	161,790	161,790
ii) Fusion Investments & Financial Services Ltd.	206,420	206,420	206,420	206,420

7. (a) "Sundry Creditors" in Schedule '12' include (i) Rs.Nil due to creditors registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME) (ii) Rs.3,293,855,670/- due to other creditors and (iii) Rs.87,959,146/- being overdrawn current account balances as per books (Previous Year Rs.Nil/-).

(b) During the year, no amounts have been paid beyond the appointed day in terms of the MSME and there are no amounts paid towards interest. Further, there is no interest accrued / payable under the said Act at the close of the 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 as at 31st March, 2009 - USD 47.83 Million, EURO 0.06 Million.

ii) Foreign Currency exposures that are not hedged by derivative instruments as at 31st March, 2009

Amount in Millions

	USD	EURO	SEK	CAD
Debtors	3.52	—	—	—
Creditors	3.42	0.52	0.69	0.47

9. (a) **Contingent Liabilities not provided for :**

	31.3.2009 Rs.'000	31.3.2008 Rs.'000
(i) Disputed matters in appeal/contested in respect of:		
- Income Tax	**183,235**	11,990
- Excise Duty, Customs Duty etc.	**29,688**	30,324
- Sales Tax, Works Contract Tax etc.	**146,141**	149,670
- Other matters	**2,416**	5,903
(ii) Claims against the Company not acknowledged as debts as these are disputed and pending disposal at various fora.	**79,702**	73,229

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.

NOTES (Contd.)

		31.3.2009 Rs.'000	31.3.2008 Rs.'000
(iii)	Bills discounted with the Bankers and others - Sale Bills discounted	**133,636**	58,891
(iv)	Guarantees and Counter guarantees given by the Company on behalf of:-		
	- Other Companies	**791,818**	785,202
(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)	**212,904**	234,650

(vii) Liability that may arise on account of loss on realisation of assets in terms of the agreement and out of pending litigations referred in the agreement for sale of shares of Kalyani Mukand Ltd – Amount not ascertained at present. In the matter of pending litigations, the Arbitral tribunal has given an award whereby no liabilities devolve on the Company. The said award has been challenged in the High Court.

(viii) Undertakings given by the Company during the F.Y. 1999-2000 for indemnifying the acquirer of the shares of Metso Minerals Mumbai (Pvt.) Ltd., in the event of non-fulfilment of covenants under the transactions. Claims which arose on completion of certain Sales Tax assessments, aggregating Rs.231,627/- have been duly accounted during an earlier year. No further amounts have been claimed during the year.

(ix) Lenders shall have a right of recompense upto 12% per annum in excess of the effective IRR charged in FRP for initial 8 years.

(x) 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. 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 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.142,743,646/-. The Writ Petition filed by the Company is pending disposal by the Hon'ble Bombay High Court.

(xii) 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%. 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 1,355,249 Kwh and given in the grid of Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) which holds these units to the credit of Company's account. The balance of units to be purchased and given to MSEDCL for FY 2007-08 and FY 2008-09 aggregate 6,531,874 Kwh.

(b) There have been delays in payment of tax deducted at source. 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.330,678,120/- 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 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, 2008. 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 price on the marketing contractor who in turn, has billed the Company at this price and which liability, has been fully accounted for.

			31.3.2009 Rs '000	31.3.2008 Rs '000
11.	(a)	Estimated amount of contracts remaining to be executed on Capital Account and not provided for	**332,216**	1,321,053

(b) Operating lease :

Lease assistance facilities of Rs.150,000,000/- (utilisation by way of advances to the suppliers of equipment as at 31.3.2009 Rs.45,639,733/-) from Infrastructure Leasing and Financial Services Limited is to be secured by way of equitable mortgage on the Company's one residential premises at Mumbai.

(c) Future Rental obligations in respect of premises taken on lease.

		Rs.'000
1.	For a period not later than one year.	**4,138**
2.	For a period later than one year and not later than five years.	**3,232**
3.	For a period later than five years.	—
	Total	**7,370**

12. Sales in – Schedule 15:

(a) (i) Sales is net of Returns, etc. relating to earlier years aggregating Rs.7,201,879/- (Previous Year Rs. 6,798,892/-), Rebates and Allowances on Sales relating to earlier years Rs.24,535,661 /- (Previous Year Rs. 17,318,481/-) and is also net of early payment discounts aggregating Rs.68,297,073/- (Previous Year Rs. 67,595,010/-).

(ii) Sales includes export incentives (net) Rs.33,111,432/- (Previous Year Rs. 60,126,251/-).

(iii) At the close of the year, the Company has, estimated and accounted, an amount of Rs.14,054,855/- (Previous Year Rs.9,771,568/-) as Export Incentives, 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) (v).

(b) Disclosure regarding Income from Engineering Contracts :

		Rs. '000
(i)	The amount of Contract revenue recognised as revenue during the year.	376,614
(ii)	The aggregate amount of costs incurred and recognised profits (less recognised losses) upto 31.3.2009.	7,310,899
(iii)	The amount of advances received (Gross)	—
(iv)	The amount of retentions (included in sundry debtors) (net balance)	—

(c) The management has, keeping in view the accounting policy A(7)(vi) adopted by the Company, technically determined the realisable value of Accumulated Direct Costs (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 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, reliasability of claims and determination of the period in which further losses if any, should be entirely recognized and fully expensed.

13. Disclosures in respect of provisions for warranty costs:

Rs.'000

Opening Balance as at 1.4.2008	Provided during the year	Utilized during the year	Reversed during the year	Closing Balance as at 31.3.2009
9,418	8,151	6,953	2,465	8,151

14. Revenue expenditure including overheads on Research and Development incurred and charged out during the year through the natural heads of expenses amount to Rs.6,181,948/- (Previous Year Rs.5,684,227/-). Capital expenditure incurred during the year amounts to Rs.4,330,566/- (Previous Year Rs.8,413,929/-).

15. 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.

16. Exceptional Items shown in the Profit and Loss Account:

		2008-09 Rs.'000	2007-08 Rs.'000
Expenditure:			
(i)	Provision for diminution in value of long term investments	130,916	—
(ii)	Provision for doubtful recovery of interest	274,523	—
(iii)	Interest irrecoverable, written-off	5,927	—
(iv)	Other advances written-off	5,495	—
	Total	416,861	—
Income :			
(i)	Bad Debts/Bad Advances/Doubtful Debts which were written-off/provided earlier recovered during the year	2,046	—
(ii)	Provision for diminution in the value of investments written back.	—	90,213
	Total	2,046	90,213
Net (Debit) / Credit		(414,815)	90,213

17. 'Prior period adjustments' represents :

(i)	Debit relating to earlier years	64	310
(ii)	Difference in interest payable to lenders [Refer Note 2(C)(iv)	—	69,271
(iii)	Credit relating to earlier years	(244)	(240)
(iv)	Depreciation adjustments (Net)	14,852	469
	Net Debit	14,672	69,810

NOTES (Contd.)

18. Disclosures under Accounting Standard 15 on Employee Benefits:

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

	2008-09 Rs.	2007-08 Rs.
Liability to be recognised in Balance Sheet		
Present Value of Funded Obligations	**212,379,724**	202,380,282
Fair Value of Plan Assets	**42,891,026**	57,003,362
Net Liability	**169,488,698**	145,376,920
Change in Plan Assets (Reconciliation of Opening & Closing Balances)		
Fair Value of Plan Assets as at beginning of the year	**57,003,362**	58,501,435
Expected Return on Plan Assets	**5,301,313**	5,041,961
Actuarial Gain / (Losses)	**(701,630)**	—
Contributions	**60,291**	7,839,378
Benefits Paid	**(18,772,310)**	(14,379,412)
Fair Value of Plan Assets as at the close of the year	**42,891,026**	57,003,362
Reconciliation of Opening and Closing Balances of obligation		
Change in defined Benefit Obligation		
Obligation as at beginning of the year	**202,380,282**	183,001,794
Current Service Cost	**11,430,694**	10,467,755
Interest Cost	**15,178,521**	13,725,135
Actuarial Losses / (Gain)	**2,162,537**	9,565,010
Benefits Paid	**(18,772,310)**	(14,379,412)
Obligation as at the close of the year	**212,379,724**	202,380,282
Expenditure to be recognised during the year		
Current Service cost	**11,430,694**	10,467,755
Interest Cost	**15,178,521**	13,725,135
Expected Return on Plan Assets	**(5,301,313)**	(5,041,961)
Net Actuarial Losses / (Gains) Recognised during the year	**2,864,167**	9,565,010
Total Expenditure included in "Employees' Emoluments"	**24,172,069**	28,715,939
Assumptions		
Discount Rate (per annum)	**7.50%**	7.50%
Expected rate of Return on Assets (per annum)	**9.30%**	9.30%
Salary Escalation Rate	**5.00%**	5.00%

(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.3,529,012/- on the basis of an actuarial valuation.

(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,2009, since the projects are for shorter duration. Such liability as at 31st March, 2009 (including Rs.233,452/- for the year) aggregate Rs.532,471/-.

(d) An amount of Rs.33,424,285/- as contribution towards defined contribution plans [including Rs.6,942,026/- in terms of strategic alliance referred in (b) above] is recognised as expense in the Profit and Loss Account.

19. Components of Deferred tax assets/liabilities are as under:

	As at 31.3.2008 Rs'000	Charge/(Credit) for the year 2008-09 Rs.000	As at 31.3.2009 Rs'000
Deferred Tax			
Deferred Tax liability on account of :			
a) Depreciation	1,285,594	(98,346)	1,187,248
b) Others	198,748	(18,822)	179,926
	1,484,342	(117,168)	1,367,174
Deferred Tax Asset on account of :			
a) Employee benefits, etc.	72,231	(5,613)	77,844
b) Taxes, Duties, Cess, Interest to Banks/FIs, etc.	397,289	20,817	376,472
c) Provision for doubtful debts	157,060	(64,874)	221,934
d) Unabsorbed Depreciation/ Business Loss, etc.	212,555	(443,299)	$ 655,854
e) Others	50,585	15,515	35,070
	889,720	(477,454)	1,367,174
Net Deferred Tax Liability	594,622	(594,622)	—

$ Deferred tax asset aggregating to Rs.237,178,000/- has not been recognised, considering the principle of virtual certainty as stated in the Accounting Standard AS-22 - Accounting for taxes on Income.

NOTES (Contd.)

20. Computation of Profit for Earnings per Share:

	2008-09 Rs. '000	2007-08 Rs. '000
Profit/(Loss)	(1,887,083)	522,421
Less : Preference Share Dividend and tax thereon	(7)	(7)
Profit/(Loss) including exceptional items attributable to Equity Shares	(1,887,090)	522,414
Less: Exceptional items (net of tax)	414,815	90,213
Profit/(Loss) excluding exceptional items attributable to Equity Shares	(1,472,275)	432,201

21. Remuneration to the Managing Directors and Whole-time Director paid / payable during the year, under Section 198 of the Companies Act, 1956:-

	Managing Directors		Whole-time Director	
	2008-09 Rs.'000	2007-08 Rs.'000	2008-09 Rs.'000	2007-08 Rs.'000
Salaries	6,080 *	7,280 *	1,073 *	1,200 *
Contribution to Provident and Other Funds	1,620	1,044	28	108
	7,700	8,324	1,101	1,308
Perquisites	765	1,135	113	341
	8,465	9,459	1,214	1,649
No. of Directors	3	3	1	1

* *includes encashment of leave*

i) Remuneration to the Managing Directors and Whole-time Director has been paid in terms of approvals of Shareholders/ Central Government to the said appointments.

ii) As the employee-wise break-up of contribution to Group Gratuity Scheme is not ascertainable, the amounts relatable to the individual Directors have not been included above.

22. Payments to Auditors:

		2008-09 Rs.'000	2007-08 Rs.'000
(i)	As Auditors	2,500	2,500
(ii)	As Tax Auditors	250	175
(iii)	For Company Law and allied matters	600	600
(iv)	For Certification work	358	165
(v)	For other matters	705	685
(vi)	Out of pocket expenses	217	133
		4,630	4,258

23. Related Party Disclosures:

(a) Relationship:

(i) Subsidiaries: Mukand Global Finance Ltd., Mukand International Ltd.
Vidyavihar Containers Ltd., Mukand Vijayanagar Steel Ltd., Mukand International FZE

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

Mukand Engineers Ltd., Bombay Forgings Ltd., Stainless India Ltd., Hospet Steels Ltd., 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., Mukand Bekaert Wire Industries Pvt. Ltd. and Mukand Vini Mineral Pvt. Ltd.

(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, Bansri R. Shah

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 a (i) above	a (ii) above	a (iii) above	a (iv) above
1	Purchases:				
	• Raw Material	451,195 (336,866)	43,698 (64,331)		
	• Stores		6,145 (4)		
	• Semi Finished Goods		78,584 (167,399)		
2	Sales:				
	• Stores / Scrap		5,025 (614)		
	• Semi Finished/ Finished Goods	1,447,556 (1,306,752)	206,521 (218,600)		
3	Expenditure:				
	• Rent		180 (180)		— (217)
	• Interest paid	3,691 (4,964)	23,809 (19,512)		
	• Sub-Contracting Expenses		26,073 (7,540)		
	• Service Charges	3,805 (2,534)	12,299 (14,563)		
	• Share of expenses under an alliance		194,987 (208,837)		
	• Remuneration			9,679 (11,108)	1,774 (1,751)
	• EDP Data Processing Services		44,250 (42,000)		
	• Equipment Hire Charges		952 (466)		
	• Conversion Charges		— (13,729)		
	• Advances written off		5,497 (—)		
	• Irrecoverable interest written off		5,927 (—)		
	• Provision for diminution in the value of investment		130,916 (—)		
	• Provision for doubtful recovery of interest	274,523 (—)			
	• Other miscellaneous	7,035 (6,776)			
4	Income:				
	• Rent		804 (876)		
	• Interest received	— (3,488)			
	• Service Charges	1,537 (1,209)			
	• Conversion / Machining Charges		6,566 (11,898)		
	• Other miscellaneous	— (4)	423 (414)		
5	Other payments:				
	• Reimbursement of expenses		168 (2)		
	• Reimbursement of expenses on account of deputation of employees		112 (127)		
6	Other receipts:				
	• Reimbursement of expenses	36,453 (41,248)	6,410 (3,662)		
	• Reimbursement of expenses on account of deputation of employees		— (—)		
	• Advance against orders	157,818 (—)			

NOTES (Contd.)

Rs.'000

	Nature of transactions	Related parties as referred in a (i) above	a (ii) above	a (iii) above	a (iv) above
7	Investments, Finance & Advances:				
	• Loans/Advances repaid by Loanees	142,550 (192,100)	84,911 (—)		
	• Loans/Advances given	— (50)	137,830 (118,149)		
	• Loans repaid		187,926 (16,292)		
	• Loans taken		205,000 (—)		
	• Purchase of shares		55,613 (10,000)		
	• Application money for shares		8,700 (50,000)		
8	Outstanding balances at the close of the year:				
	• As Debtors	147,587	1,004,101		
	Less : Provision for doubtful debt	(—)	(144,981)		
	Debtors (net of provison)	147,587 (121,827)	859,120 (803,520)		
	• As Creditors	238,094 (140,667)	25,715 (2)		— (44)
	• Loans & Advances-Receivables (incl. int.)	979,601@	916,873#		
	Less : Provision for doubtful Adv.	(274,523)	(200,000)		
	Loans & Adv. (net of provision)	705,078 (1,122,141)	716,873 (537,695)		
	• For reimbursement of Expenditure-receivable		1,285 (—)		
	• Loans & Advances payable		33,014 (—)		
	• Property Deposit taken		650 (650)		
	• Property Deposit received back				— (1,500)
	• Term Loan (incl. int.)		170,294 (178,179)		
	• Guarantees given by the Company		49,000 (8,303)		
	• Counter Guarantees given on behalf of the Company		60,000 (60,000)		
	• Collateral given on behalf of the Company		** (**)	*** (***)	

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.

@ Includes Rs. 847,618,557/- (Previous Year Rs. 803,918,557) on which interest income not accounted out of prudence / interest waived during the year.

Includes Rs. Nil (Previous Year Rs.84,910,639/-) on which interest income not accounted out of prudence.

NOTES (Contd.)

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

Products	Installed Capacity as at 31.3.2009	Opening Stock as at 1.4.2008		Production 2008-09	Consumption 2008-09 (captive)	Sales 2008-09 (Net of Excise duty)		Closing Stock as at 31.3.2009	
	Tonnes	Tonnes	Rs.'000	Tonnes	Tonnes	Tonnes	Rs.'000	Tonnes	Rs.'000
I. Goods Manufactured									
1) Bars, Rods, Coils of Special & Alloy Steel and Stainless Steel	365,628 (365,628)	14,617 (13,083)	1,837,704 * (1,006,856)*	239,355 ** (295,970)**	8,851 (8,725)	233,980 (285,711)	15,585,704 (15,442,730)	11,141 (14,617)	1,321,487* (1,837,704)*
2) E.O.T. Cranes,Portal Cranes,Metallurgical Equipment, Machinery for Crushers,Grinders, Processing and Handling of Bulk Material.	9,410 (9,410)	8 (179)	1,409 (17,709)	10,990 (13,141)	361 (1,390)	10,637 (11,922)	2,179,255 (1,989,304)	— (8)	— (1,409)
3) Castings of Alloy & Other Steel.	2,400 (2,400)	— (27)	— (1,659)	258 (1,383)	— (—)	258 (1,410)	20,718 (108,116)	— (—)	— (—)
4) Electrical Energy (Captive Power Generation)	22.10 M.W. (22.10 M.W.)			72.12 (108,58) Million Kwh	71.53 (107.77) Million Kwh				
5) Others	— (—)		275,277 (148,151)				218,036 (248,486)		171,196 (275,277)
6) Semi Finished Billets & Blooms	970,000 (632,500)			389,506@@ (494,105)@@		2,389 (3,916)	130,271 (158,430)		
Total I			2,114,390 (1,174,375)				18,133,984 (17,947,066)		1,492,683 (2,114,390)

II. Goods For Trade

Products	Opening Stock as at 1.4.2008		Purchases 2008-09		Sales 2008-09		Closing Stock as at 31.3.2009	
	Tonnes	Rs.'000	Tonnes	Rs.'000	Tonnes	Rs.'000	Tonnes	Rs.'000
a) Stainless Steel Flats	435 (—)	31,286 (—)	883 (1,670)	74,760 (154,114)	1,245 (1,235)	Refer $	73 (435)	4,737 (31,286)
b) Spares, Assemblies and Components of Industrial Machinery	— (—)	— (—)	3,186 (1,385)	177,159 (122,315)	3,186 (1,385)		— (—)	— (—)
Total II	435 (—)	31,286 (—)		251,919 (276,429)			73 (435)	4,737 (31,286)
Total I + II						18,133,984 (17,947,066)		

* Including Excise Duty.
** Steel production includes 7,214 Tonnes (9,917 Tonnes) converted outside but excludes 638 Tonnes (456 Tonnes) converted from customers' material.
@@ Includes 135,066 Tonnes (173,544 Tonnes) converted from customers' material.
$ Sales value in respect of Goods for trade are included in respective categories shown in Note 24(I) above.

NOTES
1. Licensed capacity is not applicable in terms of notification No. S.O.477 (E) dated 25th July 1991 issued by Government of India.
2. Annual Installed Capacity is certified by a Managing Director and being a technical matter, is accepted by the Auditors as correct.
3. Figures shown in brackets relate to the previous year.

25. 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) :

	2008-09 Quantity Tonnes	2008-09 Amount Rs.'000	2007-08 Quantity Tonnes	2007-08 Amount Rs.'000
Important basic raw materials :				
- Scrap* / - Pig Iron / - Hot Briquetted Iron	67,224	2,727,296	96,642	3,457,476
- Ferro Nickel/Nickel	1,299	826,258	626	1,022,914
- Ferro Chrome	15,099	1,113,831	15,278	851,432
- Structural and other Steel @	9,837	436,856	10,270	355,651
Billets / Blooms	1,507	58,154	6,614	172,768
Coke @@	137,518	3,736,117	164,625	2,491,275
Iron Ore @@	365,102	884,726	479,612	694,448
Other raw materials		464,054		633,294
		10,247,292		9,679,258

	2008-09 % of total Consumption	2008-09 Amount Rs.'000	2007-08 % of total Consumption	2007-08 Amount Rs.'000
Imported	47.74	4,892,458	56.08	5,428,049
Indigenous	52.26	5,354,834	43.92	4,251,209
	100.00	10,247,292	100.00	9,679,258

* Excludes Internal Arisings

@ Includes for Capital jobs

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

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

	2008-09 % of total Consumption	2008-09 Amount Rs.'000	2007-08 % of total Consumption	2007-08 Amount Rs.'000
(i) Stores, Spares etc.				
- Imported	28.97	847,892	14.10	421,426
- Indigenous	71.03	2,078,709	85.90	2,567,648
	100.00	2,926,601	100.00	2,989,074
(ii) Components				
- Imported	4.25	8,291	18.62	35,020
- Indigenous	95.75	186,768	81.38	153,071
	100.00	195,059	100.00	188,091
		3,121,660		3,177,165

26. (a) Value of imports (C.I.F. basis) (including in-transit)

	2008-09 Rs.'000	2007-08 Rs.'000
Raw Materials	4,682,857	4,807,328
Stores, Spare Parts, Components and Fuel	483,167	443,191
Goods for trade	49,025	11,736
Capital goods	195,608	433,941
	5,410,657	5,696,196

(b) Expenditure in Foreign Currency
(Including amounts capitalised and amounts recovered)

	2008-09 Rs.'000	2007-08 Rs.'000
Interest and Bank charges (Net of tax)	84,211	65,072
Technical Consultancy / Services and Engineering contract execution costs (Net of tax)	733	3,789
Foreign Travel	3,928	8,533
Legal and Professional fees	2,746	1,763
Other matters	10,568	9,751
	102,186	88,908

NOTES (Contd.)

	2008-09 Rs.'000	2007-08 Rs.'000
27. Earnings in Foreign Exchange		
Exports (F.O.B. Value)	1,629,844	1,751,828
Income from Engineering Contracts	13,434	19,131
Others	1,537	1,209
	1,644,815	1,772,168

28. Information on Joint Ventures:

(A) Mukand Bekaert Wire Industries Pvt. Ltd.
(on the basis of the un-audited Financial Statements)

i) Jointly controlled entity – Mukand Bekaert Wire Industries Pvt. Ltd.
Country of incorporation : India
Percentage of ownership interest : 26% as per Agreement dt. 6.2.2009.
(Previous year, 50%)

	As at 31.3.2009 Rs.'000 Un-Audited	As at 31.3.2008 Rs.'000 Audited
ii) Contingent liabilities in respect of Joint Venture.		
a) Directly incurred by the Company.	—	—
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.	11,300	190,000
b) Share of the Company in capital commitments of the jointly controlled entity	42,532	104,594
iv) Interest in the assets, liabilities, income and expenses with respect to jointly controlled entity.		
A) Assets :		
a) Fixed Assets (Net Block)	3,132	3,100
Capital Work in progress	207,596	9,961
b) Investments	—	14,460
c) Current Assets, Loans and Advances		
Inventories	4,788	—
Sundry Debtors	19	—
Cash and Bank balances	58,779	36,827
Loans and Advances	20,184	1,745
Other Current Assets	—	—
d) Preliminary expenses	1,032	1,815
e) Pre-operative expenses	—	—
B) Liabilities:		
a) Loan Funds :		
Secured Loans	117,603	—
Unsecured Loans	—	—
b). Current Liabilities and Provisions :		
Liabilities	81,980	7,919
Provisions	86	—
c). Deferred Tax Liability.	—	—

NOTES (Contd.)

(B) Mukand Vini Mineral Pvt. Ltd.

i) Jointly controlled entity – Mukand Vini Mineral Pvt. Ltd.
Country of incorporation : India
Percentage of ownership interest : 48.81%

		As at 31.3.2009 Rs.'000 Un-audited
ii)	Contingent liabilities in respect of Joint Venture.	
	a) Directly incurred by the Company.	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)	—
	Capital Work in progress	—
	b) Investments	—
	c) Current Assets, Loans and Advances	
	Inventories	—
	Sundry Debtors	—
	Cash and Bank balances	268
	Loans and Advances	—
	Other Current Assets	—
	d) Preliminary expenses	150
	e) Pre-operative expenses	6,267
	B) Liabilities:	
	a) Loan Funds :	
	Secured Loans	—
	Unsecured Loans	—
	b) Current Liabilities and Provisions :	
	Liabilities	1,071
	Provisions	—
	c) Deferred Tax Liability.	—

29. 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.

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

As per our attached report of even date
For and on behalf of
Dalal & Shah
Chartered Accountants

Ashish Dalal
Partner
Mumbai : May 30, 2009

Niraj Bajaj
Chairman & Managing Director

Rajesh V Shah
Co-Chairman & Managing Director

Suketu V Shah
Joint Managing Director

K J Mallya
Company Secretary
Mumbai, May 30, 2009

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 / 3 / 2009

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)

Total Liabilities	31,898,552
Total Assets	31,898,552

Sources of Funds

Paid-Up Capital	787,520
Reserves & Surplus	17,190,413
Deferred Tax	—
Secured Loans	12,398,588
Unsecured Loans	1,522,031

Application of Funds

Net Fixed Assets	21,601,190
Investments	1,049,392
Net Current Assets	9,198,064
Misc. Expenditure	49,906
Accumulated Losses	—

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

Turnover and Other Income	19,483,930
Total Expenditure net of Exceptional Items	21,941,549
Profit/(Loss) Before Tax	(2,457,619)
Profit/(Loss) After Tax	(1,873,367)
Earnings per Share in Rs.	(25.81)
Dividend Rate %	—

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)	7221 00 12
Product Description	Bars and rods, Hot rolled Coils of Stainless Steel
Item Code No. (ITC Code)	8426 11 00
Product Description	Overhead Travelling Crane on Fixed Support

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, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009
Number of shares in the subsidiary company held by Mukand Ltd., at the above date					
Equity	11,749,500	11,976,762	600,000	1	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.	Rs.'000	Rs.'000	USD	USD	Rs.'000
(i) Dealt with in the accounts of Mukand Ltd., amounted to:					
(a) for the subsidiary's financial year	—	—	—	—	@
(b) for the previous financial years of the subsidiary since it became subsidiary of Mukand Ltd.	39,955	—	518,699	—	@
(ii) Not dealt with in the accounts of Mukand Ltd., amounted to:					
(a) for the subsidiary's financial year	(50,585)	29,807	276,153	(5,941)	@
(b) for the previous financial years of the subsidiary since it became subsidiary of Mukand Ltd.	181,405	(752,183) (Loss)	(191,596) (Loss)	N.A.	@.
Changes in the interest of Mukand Ltd., between the end of the subsidiary's financial year and 31st March, 2009	N.A.	N.A.	N.A.	N.A.	N.A.
Material changes between the end of the subsidiary's financial year and 31st March, 2009					
(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.

@ *The subsidiary has no revenue transanctions, hence profit and loss account has not been prepared.*

Niraj Bajaj
Chairman & Managing Director

Rajesh V Shah
Co-Chairman & Managing Director

Suketu V Shah
Joint Managing Director

K J Mallya
Company Secretary

Mumbai : May 30, 2009

REPORT OF THE AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have examined the attached Consolidated Balance Sheet of Mukand Limited, its subsidiaries and its joint ventures as at 31st March, 2009, and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

These consolidated financial statements are the responsibility of the management of Mukand Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We have audited the financial statements of Mukand Global Finance Limited (an Indian Subsidiary) whose financial statements reflect total assets of Rs. 1,613,516,970 as at 31st March, 2009 and total revenue of Rs. 83,006,753 for the year then ended.

We did not audit the financial statements of Vidyavihar Containers Limited and Mukand Vijayanagar Steel Limited (both Indian Subsidiaries), Mukand International Limited (a Foreign Subsidiary) and Mukand International FZE (a Foreign subsidiary of Mukand International Limited) for the year ended 31st March, 2009 whose financial statements, together, reflect total assets of Rs.1,458,196,898 as at 31st March, 2009 and total revenue of Rs. 2,076,160,716 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the said subsidiaries, is based solely on the reports of the other auditors.

We have audited the financial statements of Mukand Engineers Limited (MEL) (an Indian Associate) whose financial statements reflect total assets of Rs. 1,273,590,671 as at 31st March, 2009 and total revenue of Rs. 560,223,025 for the year then ended.

We did not audit the financial statements of Bombay Forgings Limited (an Indian Associate) for the year ended 31st March, 2009 whose financial statements, reflect total assets of Rs. 880,729,000 as at 31st March, 2009 and total revenue of Rs. 572,553,000 for the year then ended. These financial statements have been audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the said associate, is based solely on the report of the other auditor.

We did not audit the financial statements of Stainless India Limited (SIL) (an Indian Associate) for the year ended 31st March, 2009. A statement of Assets and Liabilities reflecting total assets of Rs. 403,538,096 as at 31st March, 2009 and statement of financial results for the year ended on that date reflecting total revenue of Rs. 133,953,981 has been compiled by the Management of SIL which has not been subjected to any validation tests or other auditing procedures and therefore any adjustment to its balances could have consequential effect on the attached consolidated financial statements.

We did not audit the financial statements of Mukand Bekaert Wire Industries Private Limited (MBWI) and Mukand Vini Mineral Pvt. Ltd. (MVM) (Joint Venture Companies) for the year ended 31st March, 2009. A statement of Assets and Liabilities reflecting total assets of Rs. 1,150,353,299 as at 31st March, 2009 and statement of financial results for the year ended on that date reflecting total revenue of Rs. NIL have been compiled by the Management of MBWI and MVM which have not been subjected to any validation tests or other auditing procedures and therefore any adjustment to its balances could have consequential effect on the attached consolidated financial statements.

We report that the attached consolidated financial statements have been prepared, by the Company, 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 and on the basis of the separate audited financial statements of Mukand Limited, its subsidiaries, its joint ventures and its associates, except, for SIL, MBWI and MVM where accounts have not been audited.

We draw attention to Note Nos. 8(a), 8(b) and 8(c) relating to the 'Exposures' by Mukand Limited and its subsidiaries, on which, we have placed reliance regarding the adequacy of cover, the classification of the 'Exposures' as 'Good' and the expectation of full realisibility of the 'Exposures' and Note No 12(b) relating to our inability to determine accrued losses and corresponding realisibilities' in respect of the Road Construction Contracts;

On the basis of the information and explanations given to us, *and subject to – (i) our reservation expressed in the preceding paragraph and (ii) the consequential effect, if any, on account of possible adjustments stated above in respect of SIL, MBWI and MVM,* we are of the opinion that:

(a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Mukand Limited, its subsidiaries and its joint ventures as at 31st March, 2009;

(b) the Consolidated Profit and Loss Account, gives a true and fair view of the consolidated results of operations of Mukand Limited, its subsidiaries and its joint ventures for the year then ended, and

(c) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Mukand Limited, its subsidiaries and its joint ventures for the year ended on that date.

For and on behalf of

DALAL & SHAH
Chartered Accountants
ASHISH DALAL
Partner
Membership No.: 33596

Mumbai: 30th May, 2009

CONSOLIDATED BALANCE SHEET
As at 31st March, 2009

	Schedule		31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
I SOURCES OF FUNDS				
(1) Shareholders' Funds				
(a) Share Capital	1	787,520		787,520
(b) Reserves and Surplus	2	16,587,141		5,915,957
			17,374,661	6,703,477
(2) Deferred Tax Liability (Net)			—	594,593
(3) Loan Funds				
(a) Secured Loans	3	12,516,191		10,998,993
(b) Unsecured Loans	4	2,193,881		2,506,716
			14,710,072	13,505,709
Total			32,084,733	20,803,779
II APPLICATION OF FUNDS				
(1) Fixed Assets	5			
(a) Assets				
(i) Gross Block		24,923,075		12,132,160
(ii) Less: Depreciation		6,032,913		5,496,467
(iii) Net Block		18,890,162		6,635,693
(b) Capital Work-in-Progress		2,931,592		2,430,381
			21,821,754	9,066,074
(2) Investments	6		443,893	443,693
(3) Deferred Tax Asset (Net)			97	—
(4) Current Assets, Loans and Advances				
(a) Inventories	7	6,232,208		6,961,417
(b) Sundry Debtors	8	6,352,901		5,708,476
(c) Cash and Bank Balances	9	1,134,352		1,507,554
(d) Other Current Assets	10	144,323		149,640
(e) Loans and Advances	11	5,066,213		4,730,865
		18,929,997		19,057,952
Less:				
Current Liabilities and Provisions				
(a) Liabilities	12	8,368,436		7,064,965
(b) Provisions	13	792,960		755,563
		9,161,396		7,820,528
Net Current Assets			9,768,601	11,237,424
(5) Deferred Revenue Expenditure (to the extent not written off or adjusted)	14		50,388	56,588
Total			32,084,733	20,803,779
Notes forming part of the Consolidated Accounts	20			

As per our attached report of even date
For and on behalf of
Dalal & Shah
Chartered Accountants

Niraj Bajaj
Chairman & Managing Director

Rajesh V Shah
Co-Chairman & Managing Director

Suketu V Shah
Joint Managing Director

Ashish Dalal
Partner
Mumbai : May 30, 2009

K J Mallya
Company Secretary
Mumbai, May 30,2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31st March, 2009

	Schedule		2008-09 Rs.'000	2007-08 Rs.'000
INCOME				
Sales, Services and Other Income	15			
Gross Sales and Services		21,699,263		22,166,924
Less: Excise Duty recovered		2,313,276		2,737,169
Net Sales and Services			19,385,987	19,429,755
Other Income			328,654	291,359
			19,714,641	19,721,114
EXPENDITURE				
Raw Materials Consumed	16		10,251,826	9,678,263
Operating and Other Expenses	17		8,942,386	8,843,236
Variation in Opening and Closing Stocks	18		361,110	(1,451,942)
Purchases for Trade			293,276	314,428
Finance and Lease Charges	19		1,424,014	1,238,710
Depreciation			578,861	579,829
			21,851,473	19,202,524
(Less):				
Expenditure transferred to Capital Accounts/Capital Work-in-Progress			(109,847)	(348,109)
			21,741,626	18,854,415
Profit/(Loss) for the year before tax			(2,026,985)	866,699
Add/(Less):				
Exceptional Items (net) (including share in Associates) [Refer Note 17 (a)]			(9,376)	34,613
Profit/(Loss) before tax			(2,036,361)	901,312
(Less): Provision for taxation:				
Fringe Benefit Tax (incl. Share of FBT under Strategic alliance Rs. 1,720,497/-)			(12,676)	(10,080)
Wealth Tax			(650)	(630)
Current Tax			(5,995)	(100,550)
Deferred Tax			594,690	(294,404)
MAT Credit Entitlement			—	92,735
Profit/(Loss) after tax			(1,460,992)	588,383
Add/(Less):				
Excess/(Short) provision for tax			3,004	(1,101)
Share of Profit/(Loss) in Associates (net)			14,633	19,067
Prior Period Adjustments (net) (including share in Associates)[Refer Note 17(b)]			(14,645)	(69,956)
			(1,458,000)	536,393
Balance brought forward from previous year			139,708	59,475
Balance available for Appropriations			(1,318,292)	595,868
Appropriations:				
Transferred from Debenture Redemption Reserve		62,500		129,687
Transferred to Debenture Redemption Reserve		—		(199,250)
Transferred from / to General Reserve		1,245,364		(300,000)
Transferred to Reserve Fund in terms of Section 45-I C (i) of Reserve Bank of India Act, 1934		—		(643)
Transferred from/to Currency Fluctuation Reserve		10,435		(407)
Preference Dividend		(6)		(6)
Equity Dividend		—		(73,114)
Tax on Equity / Preference Dividend		(1)		(12,427)
			1,318,292	(456,160)
Balance carried to the Balance Sheet			—	139,708
Weighted average number of Equity Shares outstanding during the year			73,114,129	73,114,129
Basic and diluted earnings per share including Exceptional Items (in Rs.)			(19.94)	7.34
Basic and diluted earnings per share excluding Exceptional Items (net of tax) (in Rs.)			(19.81)	6.86
Nominal value of share (in Rs.)			10.00	10.00
Notes forming part of the Consolidated Accounts	20			

As per our attached report of even date
For and on behalf of
Dalal & Shah
Chartered Accountants

Niraj Bajaj
Chairman & Managing Director

Rajesh V Shah
Co-Chairman & Managing Director

Suketu V Shah
Joint Managing Director

Ashish Dalal
Partner
Mumbai : May 30, 2009

K J Mallya
Company Secretary
Mumbai, May 30,2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

						Rs.'000
	2008-09	2008-09	2008-09	2007-08	2007-08	2007-08
A. Cash Flow arising from Operating Activities						
Profit before Tax and exceptional items			(2,026,985)			866,699
Add back:						
a) Depreciation		579,019			579,861	
b) Other Non-cash Expenditure - (Net)		43,404			(89,599)	
c) Diminution in the value of Investment		—			49,440	
d) Finance and Lease Charges - (Net)		1,254,006			1,119,838	
			1,876,429			1,659,540
			(150,556)			2,526,239
Deduct:						
a) Investment Income		1,306			1,699	
b) Profit on sale of Investment		—			46,250	
b) Surplus/(Loss) on sale of assets - (Net)		(23)			(5,561)	
			1,283			42,388
Operating Profit before Working Capital Changes			(151,839)			2,483,851
Less: Working Capital Changes						
a) Increase in Trade and Other Receivables	946,841			941,377		
b) Increase in Inventories	—			1,992,954		
		946,841			2,934,331	
Less:						
a) Decrease in Inventories	729,209			—		
b) Increase in Trade Payables	1,472,802			1,829,252		
		2,202,011			1,829,252	
Net Working Capital Changes			1,255,170			(1,105,079)
Cash flow from Operations			1,103,331			1,378,772
Less: Direct taxes paid			124,582			182,229
			978,749			1,196,543
Less: Prior period adjustments			(180)			70
Net Cash Inflow from Operating Activities			978,929			1,196,473
B. Cash Flow arising from Investing Activities						
Inflow						
a) Sale of Fixed Assets		12,578			1,649	
b) Interest received on loans to Companies		15,680			29,322	
c) Dividends received		1,306			1,699	
d) Decrease in Loans to Companies		214,911			56,250	
e) Sale of Investments - (Net)		14,460			56,681	
			258,935			145,601
Deduct Outflow						
a) Acquisition of fixed assets		1,065,920			2,454,706	
b) Pre-Operative Expenses		6,309			9,230	
c) Short term Investment in Mutual Fund	—			264,858		
Less : Redemption of Short term Investment in Mutual Fund	—			250,398		
		—			14,460	
d) Increase in Loans to Companies		47,050			—	
			1,119,279			2,478,396
Net Cash Inflow/(Outflow) from Investing Activities			(860,344)			(2,332,795)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

	2008-09	2008-09	2008-09	2007-08	2007-08	2007-08
C. Cash Flow arising from Financing Activities						
Inflow						
a) Increase in Debentures		300,000			750,000	
b) Increase in Working Capital Loans from Banks - (Net)		1,685,103			1,859,327	
c) Increase in Other Unsecured Loans - (Net)		302,037			1,349,337	
			2,287,140			3,958,664
Deduct Outflow						
a) Redemption of Debentures		624,180			579,000	
b) Decrease in Term Loans - (Net)		373,206			662,519	
c) Dividend paid		85,547			85,547	
d) Finance and Lease Charges - (Net)		1,532,801			1,463,194	
			2,615,734			2,790,260
Net Cash Inflow /(Outflow) from Financing Activities			(328,594)			1,168,404
Net Increase / (Decrease) in Cash/Cash Equivalents			(210,009)			32,082
Add : Balance at the beginning of the year			617,645			585,563
Cash/Cash Equivalents at the close of the year			407,636			617,645

Note : 1) Cash / Cash Equivalents exclude balances with banks in Margin Money Accounts : 31.3.2009 - Rs.724,238,463/-; 31.3.2008 - Rs.839,305,099/-; 31.3.2007 -Rs. 430,185,550/-; and in Escrow Account : 31.3.2009 - Rs. 2,477,536/-; 31.3.2008 - Rs. 50,603,784/-;

As per our attached report of even date
For and on behalf of

Dalal & Shah
Chartered Accountants

Niraj Bajaj
Chairman & Managing Director

Rajesh V Shah
Co-Chairman & Managing Director

Suketu V Shah
Joint Managing Director

Ashish Dalal
Partner

K J Mallya
Company Secretary

Mumbai : May 30, 2009

Mumbai, May 30,2009

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

Schedules '1' to '20' annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the year ended 31st March, 2009

1. SHARE CAPITAL

			31st March, 2009 Rs.'000	31st March, 2008 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
			1,250,000	1,250,000
Issued:				
5,626,320	0.01% Cumulative Redeemable Preference Shares of Rs.10/- each, fully paid up		56,263	56,263
73,159,805*	Equity Shares of Rs.10/- each		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		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	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.

2. RESERVES AND SURPLUS

		31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
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	290,950		221,387
Add / (Less):			
Transferred to Profit and Loss Account	(62,500)		(129,687)
Set aside during the year	—		199,250
		228,450	290,950
Capital Redemption Reserve:			
As per last Account		30,000	30,000
Revaluation Reserve:			
As per last Account	1,266,293		1,266,293
Add : Additions on revaluation	12,123,691		—
		13,389,984	1,266,293
Reserve Fund:			
As per last Account	16,727		16,084
Add : Transferred from Profit and Loss Account in terms of Section 45-I C (i) of Reserve Bank of India Act, 1934	—		643
		16,727	16,727
Currency Fluctuation Reserve - On Consolidation			
As per last Account	4,171		11,273
Add/(Less):			
Transferred to Profit and Loss Account	(10,435)		407
Increase/(Decrease) for the year on Consolidation	5,500		(7,509)
		(764)	4,171
General Reserve :			
As per last Account	1,912,593		1,624,594
Add/(Less):			
Adjustement on account of Employee Benefits (Net of Tax)	—		(12,001)
Add/(Less):			
Transferred to Profit and Loss Account for adjustment and Preference Dividend and tax thereon	(1,245,364)		—
Transferred from Profit and Loss Account	—		300,000
		667,229	1,912,593
Profit and Loss Account:			
Surplus as per annexed Profit and Loss Account		—	139,708
		16,587,141	5,915,957

3. SECURED LOANS [Refer Note 15]

		31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
a) Debentures		1,159,895	1,484,075
b) Long Term Loans in Indian Rupees from : #			
- Financial Institutions	2,472,891		2,650,590
- Banks	3,674,623		3,813,191
- Companies	340,890		279,601
- Housing Development Finance Corporation Ltd.	250,000		—
		6,738,404	6,743,382
c) Interest accrued and due		43,650	—
d) Working Capital Loans from Banks		4,456,639	2,771,536
e) Share of Joint Ventures		117,603	—
		12,516,191	10,998,993

 # Includes funded interest term loans in respective categories

4. UNSECURED LOANS

	31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
Fixed Deposits	818,148	509,771
Inter Corporate Deposits	1,286,504	1,420,374
Interest accrued and due	66,046	53,388
Short Term Loan from a Bank	-	500,000
Sales Tax Deferment Loan	23,183	23,183
	2,193,881	2,506,716

SCHEDULES TO THE CONSOLIDATED ACCOUNTS (Contd.)

5 . FIXED ASSETS [Refer Note 5(c),(d), 6 and 7]

(a) Assets

Rs.'000

	GROSS BLOCK (At Cost / Book Value)					DEPRECIATION				NET BLOCK	
	As at 1st April, 2008	Additions/ Adjustments	Deductions/ Adjustments	Adjustments/ Additions/ (Deductions) to Revalued Assets	As at 31st March, 2009	As at 1st April, 2008	For the year (***)	Recouped during the year	As at 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
Land (Including Leasehold Land)	1,359,303	119,443	2,336 *	12,123,691	**13,600,101** @	—	—	—	—	**13,600,101**	1,359,303
Railway Siding	—	130,418	—	—	**130,418**	—	6,724	—	**6,724**	**123,694**	—
Buildings	1,336,647	186,678	70,461	—	**1,452,864**	450,184	39,320	22,364	**467,140**	**985,724**	886,463
Plant and Machinery	9,212,283	298,755	(6,534) $	—	**9,517,572**	4,935,343	517,160	16,586	**5,435,917**	**4,081,655**	4,276,940
Furniture,Fixtures,etc.	117,920	3,196	2,529	—	**118,587**	60,350	5,601	1,753	**64,198**	**54,389**	57,570
Vehicles	102,959	841	3,559	—	**100,241**	50,568	10,064	1,858	**58,774**	**41,467**	52,391
Share of Joint Venture	3,048	1,747	1,503	—	**3,292**	22	149	11	**160**	**3,132**	3,026
Total	**12,132,160**	**741,078**	**73,854**	**12,123,691**	**24,923,075**	5,496,467	**579,018**	**42,572** **	**6,032,913**	**18,890,162**	6,635,693
Previous year's Total	11,547,574	700,769	116,183	—	12,132,160	4,990,493	579,861	73,887 **	5,496,467	6,635,693	

(b) (i) Capital Work-in-Progress, expenditure to date	**2,717,728**	2,421,158
(b) (ii) Capital Work-in Progress, Share of Joint Venture	**213,864**	9,223
	21,821,754	9,066,074

@ Pending registration in case of part of freehold land and pending execution of lease agreement and registration in case of leasehold land at Dighe, Thane.

$ Net of Rs. 70,461,388/- on reclassification of certain assets (Previous year Rs. Nil)

* Represents amount written off on account of amortisation of leasehold land

** Includes short depreciation in respect of earlier years Rs.1,703,011 (Previous year Rs.468,760/-).

*** Includes Rs. 157,722/- (Previous year Rs. 31,448) being depreciation directly transferred to pre-operative expenditure.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS (Contd.)

6. INVESTMENTS, At Cost / Book Value [Refer Note 8 a, b, c]

		31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
I. Long Term Investments:			
A. Trade (Quoted)		106	106
B. Trade (Unquoted)		864	864
C. Others (Quoted)		237,904	223,474
D. Others (Unquoted)	332,937		332,707
Less : Provision for diminution in the value of investments	127,918		127,918
		205,019	204,789
II. Share of Joint Ventures		—	14,460
		443,893	443,693

Notes :

(i) All the Investments at I above have been classified by Companies as "Long Term Investments" in view of their intention to hold the same on a long term basis.

	Book Value as at		Market Value as at	
	31st March, 2009 Rs.'000	31st March, 2008 Rs.'000	31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
Quoted Investments	238,010	223,580	52,335	138,335
Unquoted Investments	205,883	220,113		
	443,893	443,693		

CURRENT ASSETS, LOANS AND ADVANCES

7. INVENTORIES [Refer Note 5 (f)]

	31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
Stores, Spares, Fuel, Components and Engineering Construction Materials	367,296	455,374
Loose Tools	1,652	1,885
Stock-in-trade :		
Raw Materials	755,196	896,380
Work-in-Process	1,815,582	1,688,200
Finished Goods	1,492,683	2,114,390
Finished Goods for Trade	4,737	31,286
Stock-in-trade of Property Development Business	912	912
Accumulated Contract Costs / Incomplete Contract Work	1,535,558	1,492,871
Materials-in-transit	253,804	280,119
Share of Joint Ventures	4,788	—
	6,232,208	6,961,417

8. SUNDRY DEBTORS, (Unsecured) [Refer Note 13]

Over six months :				
Considered good		2,469,188		1,606,764
Considered doubtful	174,117			259,823
Less : Provision	(174,117)			(259,823)
		—		—
			2,469,188	1,606,764
Others :				
Considered good			3,883,694	4,101,712
Share of Joint Ventures			19	—
			6,352,901	5,708,476

9. CASH AND BANK BALANCES

Cash on hand (including cheques on hand)		33,948	104,822
Balances with Scheduled Banks :			
(i) In Current Accounts	69,423		186,472
(ii) In Escrow Account	2,478		50,604
(iii) In Margin Money Accounts	724,238		839,305
(iv) In Deposit Accounts	13,050		85,399
Balances with Non-Scheduled Banks :			
(i) In Current Accounts			
Hongkong & Shanghai Banking Corporation, London	3,221		1,123
Hongkong & Shanghai Banking Corporation, Dubai	17,527		17,964
HABIB Bank A.G. Zurich, Dubai	4		17
(ii) In Deposit Accounts			
HABIB Bank A.G. Zurich, Dubai	1,598		1,240
		831,539	1,182,124
Remittances-in-Transit		209,819	183,781
Share of Joint Ventures		59,046	36,827
		1,134,352	1,507,554

10. OTHER CURRENT ASSETS

		31st March, 2009 Rs.'000	31st March, 2008 Rs.'000
Export Incentives receivable		23,003	31,046
Interest receivable [Refer Note 8]		121,320	116,923
Facilities at Customer's Site			
Opening Balance (at Direct costs, less amounts written off)	1,671		3,800
Add : Additions during the year	1,675		1,777
	3,346		5,577
Less : Proportionate cost of facilities written off	3,346		3,906
		—	1,671
		144,323	149,640

11. LOANS AND ADVANCES, Unsecured, considered good, unless otherwise specified

Loans and Advances [Refer Note 8 (a), (b), (c) and (d)]			1,784,862	1,831,425
Advances recoverable in cash or in kind or for value to be received [Refer Note 8 (b) and (c)]		2,135,849		1,883,295
Considered doubtful	202,254			202,254
Less : Provision	(202,254)			(202,254)
		—		—
			2,135,849	1,883,295
Advance payment of Income-tax			668,419	562,213
MAT Entitlement Credit			321,888	321,888
Balances, etc. with —				
Port Trust, Central Excise, etc.		6,795		8,519
Others		128,216		121,160
			135,011	129,679
Share of Joint Ventures			20,184	2,365
			5,066,213	4,730,865

CURRENT LIABILITIES AND PROVISIONS

12. LIABILITIES

Acceptances	2,966,088	2,462,586
Sundry Creditors	3,534,385	3,012,459
Advances against Orders and Engineering Contracts	750,713	582,978
Liabilities for Property Development	845,206	834,884
Interest accrued but not due on Debentures and Loans	182,642	156,398
Due to Employees' Provident Fund (since paid)	6,351	7,944
Share of Joint Ventures	83,051	7,716
	8,368,436	7,064,965

13. PROVISIONS

for Taxation	435,363	437,422
for Premium on Redemption of Debentures	375	375
for Employee Benefits	235,880	58,611
for NPA as per RBI Prudential Norms	37,500	—
for Excise Duty on Finished Goods Stock	75,598	164,190
for Warranty Costs	8,151	9,418
for Proposed Preference Dividend	6	6
for Proposed Equity Dividend	—	73,114
for Tax on Equity / Preference Dividend	1	12,427
Share of Joint Venture	86	—
	792,960	755,563

14. DEFERRED REVENUE EXPENDITURE
(to the extent not written off or adjusted)

Interest and lease compensation during installation of leased assets	49,739	47,549
Front-end fees	167	8,599
Others	482	440
	50,388	56,588

15. SALES, SERVICES AND OTHER INCOME

		2008-09 Rs.'000	2007-08 Rs.'000
i) Sales			
(a) Gross Sales	20,448,276		20,646,604
Less : Excise Duty recovered	2,221,368		2,612,362
Net Sales		18,226,908	18,034,242

SCHEDULES TO THE CONSOLIDATED ACCOUNTS (Contd.)

		2008-09 Rs.'000	2007-08 Rs.'000
(b) Income from Engineering Contracts and Job Work	1,145,290		1,444,410
Less : Excise Duty recovered	91,908		124,807
Net Income from Engineering Contracts and Job Work [Refer Note 12]		1,053,382	1,319,603
(c) Income from Services rendered		—	2
(d) Interest from Financing Activities		68,773	68,690
(e) Income from Property Development Activities		36,924	5,089
(f) Income from Trading Activities		—	2,129
Total Sales and Services		19,385,987	19,429,755
ii) **Other Income**			
(a) Sale of Scrap and Sundries		47,244	42,815
(b) Sales-tax/ VAT Refunds		—	6,919
(c) Gain on variation in foreign exchange rate (Net)		—	9,572
(d) Interest Received			
- From Banks	67,531		55,163
- From Others	35,319		19,851
		102,850	75,014
(e) Insurance Claims etc.		16,414	3,731
(f) Credit balances appropriated		2,412	13,915
(g) Other Miscellaneous receipts		101,857	30,167
(h) Bad Debts Recovered		8,475	—
(i) Excess provisions written back (net) (Including for Non Performing Assets)		29,190	48,202
(j) Profit on sale of investments		—	46,250
(k) Surplus on account of sale of Assets (net)		3,347	337
(l) Rent Received		14,776	12,738
(m) Share of Joint Ventures		783	—
(n) Dividends (Gross) :			
from Trade Investments	1,252		805
from Other Investments	54		894
		1,306	1,699
Total Other Income		328,654	291,359
		19,714,641	19,721,114

16. RAW MATERIALS CONSUMED

		2008-09 Rs.'000	2007-08 Rs.'000
Opening Stocks		896,380	558,820
Add : Purchases		10,127,020	10,017,832
Less : Sales / Materials given on loan		16,378	2,009
		11,007,022	10,574,643
Less : Closing Stocks		755,196	896,380
		10,251,826	9,678,263

17. OPERATING AND OTHER EXPENSES

		2008-09 Rs.'000	2007-08 Rs.'000
Employees' Remuneration,Benefits and Other Payments :			
Salaries,Wages,Bonus,Compensation and Other Payments	713,473		688,051
Contribution towards Employees' State Insurance, Provident, Gratuity and Other Funds	84,149		84,304
Welfare Expenses	95,262		85,126
		892,884	857,481
Manufacturing, Administrative and Selling Expenses :			
Stores, Spares, Components, Tools, etc. consumed	3,121,660		3,177,165
Contract execution costs	664,389		875,120
Power and Fuel consumed	1,374,046		1,277,016
Machining and Processing charges	1,120,263		957,263
Sub-contracting expenses	200,839		233,144
Other Manufacturing expenses	104,056		104,706
Property Development Expenses	36,924		5,089
Rent (net)	11,815		10,597
Hire charges	12,268		18,792
Rates and Taxes	24,105		23,809

			2008-09 Rs.'000	2007-08 Rs.'000
Insurance (net)		17,131		18,222
Advertisements		4,147		3,238
Repairs:				
to Buildings	14,767			18,976
to Plant and Machinery	44,968			49,872
to Other assets	20,740			20,757
		80,475		89,605
Commission		49,210		72,043
Freight and Forwarding (net)		492,665		637,151
Directors' Fees and Travelling Expenses		940		657
Bad Debts,debit balances and claims written off	85,314			1,142
Less: Doubtful debts Provided in earlier years	83,661			—
		1,653		1,142
Provision for Non-Performing Assets		37,500		—
Diminution in value of Investments		—		49,440
Proportionate cost of facilities written off		3,346		3,906
Loss on assets discarded		2,067		3,776
Loss on assets sold (net)		1,303		2,122
Loss on variation in foreign exchange rates (net)		205,763		—
Miscellaneous Expenses		315,800		313,528
			7,882,365	7,877,531
Bank Charges			164,651	105,052
Amortization of Leasehold Land			2,336	1,357
Share of Joint Ventures			150	1,815
			8,942,386	8,843,236

18. VARIATION IN OPENING AND CLOSING STOCKS

		2008-09 Rs.'000	2007-08 Rs.'000
Opening Stocks :			
Work-in-Process		1,688,200	1,336,566
Finished Goods		2,114,390	1,174,375
For trade :			
– Finished Goods	31,286		130
– Equity Shares	—		929
		31,286	1,059
Stock-in-trade of Property Development Business		912	912
Accumulated Contract Costs / Incomplete Contract Work		1,492,871	1,280,914
		5,327,659	3,793,826
Closing Stocks :			
Work-in-Process		1,815,582	1,688,200
Finished Goods		1,492,683	2,114,390
For trade :			
– Finished Goods	4,737		31,286
– Equity Shares	—		—
		4,737	31,286
Stock-in-trade of Property Development Business		912	912
Accumulated Contract Costs / Incomplete Contract Work		1,535,558	1,492,871
		4,849,472	5,327,659
		478,187	(1,533,833)
Variation in Excise Duty on Opening & Closing Stocks of Finished Goods		(117,077)	81,891
(Increase)/Decrease in Stocks		361,110	(1,451,942)

19. FINANCE AND LEASE CHARGES

[Refer Note 15]

		2008-09 Rs.'000	2007-08 Rs.'000
Interest on Debentures	154,874		146,826
Interest on Fixed Loans	1,084,334		973,731
Interest to Banks and Others	736,693		407,231
		1,975,901	1,527,788
Less :			
Interest Capitalised		170,285	105,742
Interest Income from Trade Dues (Gross)		488,846	323,410
		1,316,770	1,098,636
Finance Management Charges #		39,960	73,101
Lease Rentals		67,284	66,973
		1,424,014	1,238,710

Includes proportionate front end fee written off Rs. 8,432,871/- (Previous year Rs. 53,718,237/-)

20. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS AND PRINCIPLES OF CONSOLIDATION

1. a) The consolidation of accounts is carried out for Mukand Ltd. (Mukand), its wholly owned subsidiaries, joint venture and associates to meet the requirements of Clause 32 of the listing agreement with stock exchanges. Consolidation has been carried out in line with the requirements of Accounting Standards AS-21 – Consolidated Financial Statements, AS-23 – Accounting for Investments in Associates in Consolidated Financial Statements and AS-27 – Financial Reporting of Interests in Joint Ventures.

   b) Accordingly, the Consolidated Financial Statements (CFS) include the results of four wholly owned subsidiaries, joint venture and three 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 Vijayanagar Steels Ltd.	(MVSL)	India	100	Subsidiary
Mukand International Ltd.	(MIL)	UK	100	Subsidiary
Mukand International FZE	(MIFZE)	UAE	100	Subsidiary
Mukand Bekaert Wire Industries Pvt. Ltd.		India	26	74:26 Joint Venture
Mukand Vini Mineral Pvt. Ltd.	(MVMPL)	India	48..81	48.81:51.19 Joint Venture
Mukand Engineers Ltd.	(MEL)	India	36.11	Associate
Bombay Forgings Ltd.	(BFL)	India	24.00	Associate
Stainless India Ltd.	(SIL)	India	48.30	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 subsidiary is transferred to Currency Fluctuation Reserve.

5. **Statement of significant accounting policies and practices.**

   a) Basis of Accounting :

   The Financial Statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles, the applicable mandatory Accounting Standards and the relevant provisions of the Companies Act, 1956.

   b) Recognition of Income and Expenditure:

   i) Revenues/incomes and costs/expenditure are generally accounted on accrual as they are earned or incurred.

   ii) Sale of Goods is recognized on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods. Export Sales are accounted for on the basis of dates of "On Board Bill of Lading".

   iii) Revenue for long term engineering contract work executed (including supplies and services) is recognized on the basis of percentage completion method.

   iv) 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.

   c) Fixed Assets

   All fixed assets except leasehold land are stated at cost less accumulated depreciation (other than free hold land for which no depreciation is provided). However, fixed assets, which are revalued by Mukand are stated at their revalued book values.

   d) Method of Depreciation and Amortisation:

   i) Depreciation on fixed assets is provided :

   - By Indian companies – on own assets: On SLM method and at rates under the Companies Act, 1956.
     – on leased assets prior to 31.03.2001: On SLM method over the primary period of lease or at the rates under Companies Act, 1956, whichever is higher.
   - 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.

   ii) Cost of Leasehold land is amortized over the period of lease.

   iii) Cost of technical know-how capitalized is amortized over the period of agreement or six years whichever is lower.

   e) Investments:

   Long term Investments are stated at cost of acquisition or book value; book value being arrived at after adjusting provisions for diminution in values of each investment individually, provided, such diminution is not temporary. While disposing of a part of the holding of an individual investment, the carrying amount allocated to that part is determined on the basis of average carrying amount of the total marketable holding of the investment. Current investments are stated at lower of cost of acquisition and fair value.

   f) Valuation of inventories :

   i) The inventories resulting from intra-group transactions have been stated at cost by eliminating unrealized profit on such transactions.

   ii) Inventories are stated 'at cost or net realisable value whichever is lower'. Construction materials are valued at cost less amount written off over its estimated useful life. Materials in transit are valued at cost-to-date.

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

   iv) Cost comprises of all cost incurred in bringing the inventories to their present location and condition including excise duty payable on goods produced. Cost formulae used are either 'first-in, first-out or average cost' as applicable. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience.

   g) Foreign Currency Translations :

   For the purpose of consolidation, the amounts appearing in foreign currency in the financial statements of the foreign subsidiaries are translated at the following rates of exchange:

   - Average rates for the income and expenditure except depreciation which is at the year end rate.
   - The year end rate for the assets and liabilities.

   h) Foreign Currency Transactions by Indian Companies:

   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.

i) 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.

j) **Employee Benefits :**

(a) Short Term Employee Benefits

Short term employee benefits are recognised as expenditure at the undiscounted value in the Profit and Loss Account of the year in which the related service is rendered.

(b) Post Employment Benefits

i) Defined Contribution Plans :

Mukand's contribution to the superannuation scheme, pension under Employees' Pension Scheme, 1995 etc are recognised during the year in which the related service is rendered.

ii) Defined Benefit Plans :

Gratuity :

Gratuity liability of Mukand is covered under the Gratuity-cum-Insurance Policy of Life Insurance Corporation of India (LIC) by Mukand Employees' Gratuity Fund. The present value of the obligation is determined based on an actuarial valuation, using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognised immediately in the Profit and Loss Account. The amount funded by the Trust administered by Mukand under the aforesaid Policy, is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on a net basis.

Provident Fund :

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

(c) Long term compensated absences are provided on the basis of actuarial valuation.

(d) Termination Benefits :

Termination Benefits are charged to Profit and Loss Account in the year of accrual.

k) **Accounting for taxes on Income:**

- Indian Companies.

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Minimum Alternate Tax (MAT) eligible for set-off in subsequent years (as per tax laws), is recognized as an asset by way of credit to the Profit and Loss Account only if there is convincing evidence of its realisation. At each Balancing Sheet date, the carrying amount of MAT Credit Entitlement receivable is reviewed to reassure realisation. 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 is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one year and which differences are capable of reversal in one or more subsequent years. Deferred tax assets arising 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. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassure realisation.

Provision for Fringe Benefit Tax is made on the basis of the fringe benefits provided/deemed to have been provided during the year at the rates and values applicable to the relevant Assessment Year.

- 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 crystalise in the foreseeable future.

l) **Impairment of Assets :**

The Carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

m) **Provisions, Contingent Liabilities and Contingent Assets**

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. Contingent Assets are neither recognized nor disclosed in the Financial Statements.

6. **Revaluation:**

Mukand :

Free-hold land at Kalwe / Dighe, Thane as at 30.6.1983 was revalued as at 30.6.1984. 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.1,143,588,433/- 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.12,123,691,000/- has been added to assets and correspondingly credited to the Revaluation Reserve as at 31.03.2009.

7. (i) Mukand was allotted leasehold land at Trans -Thane Creek Industrial Area, Dighe, at a provisional occupancy price of Rs.20,400,000/- by Maharashtra Industrial Development Corporation (MIDC). The Order of the Court at Thane by which partial refund of Rs.5,400,000/- was granted to Mukand was under appeal by MIDC in the Bombay High Court. As per consent terms signed on 4th April, 2009 between MIDC and Mukand, a total price of Rs.90,000,000/- is agreed to be paid for the said leasehold land within one month from the date of passing of an Order by the Court. The Hon'ble Court has passed an Order dated 15th April, 2009 and Mukand has paid Rs.69,600,000/- on 7th May, 2009, being the balance amount. Pending completion of execution of

Lease Deed, registration formalities, etc., the accounting effect of this transaction has been given during the year.

(ii) Fixed assets include net book value of assets at Ginigera Steel Plant aggregating Rs.24,000,000/- 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 01.04.2008	Depreciation as at 31.03.2009	Net Block as at 31.03.2009
Plant & Machinery	42,952	18,952	24,000

(iii) 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 etc.

(a) Mukand has investments of Rs.1,929,600/- in equity shares of Bombay Forgings Limited (BFL), and has also debts amounting to Rs.850,330,769/- (Net of recoveries of Rs.174,183,500/-) (collectively referred to as 'Exposures') due from BFL whose net worth 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 relies on the valuation of unencumbered assets of BFL as at 31st March, 2009 which is at Rs.549,443,000/- and on the earnings from the ongoing business of BFL, it 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 have placed their reliance.

(b) MGFL has investments aggregating Rs.247,200,000/- in Preference Shares and has loans and interest dues aggregating to Rs.1,192,876,661/- 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.49,440,000/-. After the close of the year MGFL has received amounts aggregating to Rs.273,645,000/- against loans from these 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.136,758,608/- 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.396,600,000/-. VCL has not provided for interest on these loans as a mater of financial prudence for FY2007-08 and FY2008-09 against the undertaking given by SIL to pay the amount of loan as per the repayment schedule.

Mukand has also trade debts Rs.153,769,389/- (including considered doubtful and provided during an earlier year Rs.144,980,561/-), and has trade advances, aggregating Rs.748,235,345/- [including granted during the year (net) Rs.137,830,581/- and doubtful and provided during an earlier year Rs.200,000,000/-]. Mukand has also given a guarantee amounting to Rs.8,303,000/- to a Bank on behalf of SIL against a long term loan of similar amount which has been fully paid by SIL by 31st March, 2009. The Net-worth of SIL has eroded and a reference has been filed with BIFR. Although, Mukand's 'Exposures' have increased, Mukand has made no further provision of balance 'Exposures' in SIL.

MGFL has also purchased a fully secured debt of SIL of Rs.279,955,000/- as per Deed of Assignment executed by IDBI in favour of MGFL on 29th April, 2008 for a consideration of Rs.125,000,000/-. MGFL has made a provision for Non Performing Assets amounting to Rs.37,500,000/- in respect of these dues from SIL in accordance with the guidelines for purchase of Non Performing Assets and prudential norms prescribed by Reserve Bank of India. MGFL has received during the year, an amount of Rs.5,925,000/- from SIL being a part of the loans and interest dues written-off by it in an earlier year.

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 loanees (stipulated under clause 32 of the listing agreement with Stock Exchanges).

	Name of the Party	Outstanding amount As at 31.3.2009	Outstanding amount As at 31.3.2008	Maximum amount during the Year 2008-09	Maximum amount during the Year 2007-08
i)	Bombay Forgings Ltd.	–	–	2,000	2,000
ii)	Lineage Investments Ltd.	276,931	206,461	276,931	206,461
iii)	Catalyst Finance Ltd.	232,629	212,744	232,629	212,744
iv)	Econium Investments & Finance Ltd.	208,861	184,673	208,861	184,673
v)	Fusion Investments & Financial Services Ltd.	270,088	229,547	270,088	229,547
vi)	Primus Investments & Finance Ltd.	180,854	158,543	180,854	158,543
vii)	Conquest Investments & Finance Ltd.	206,297	151,771	206,297	151,771
viii)	Stainless India Ltd.	521,600	471,100	521,600	471,100

II] Equity Shares held by the loanees in the capital of Mukand:

	Name of the Loanee	No. of shares held by Loanee As at 31.3.2009	No. of shares held by Loanee As at 31.3.2008	Maxi. no. of shares held by Loanee during the year 2008-09	Maxi. no. of shares held by Loanee during the year 2007-08
i)	Lineage Investments Ltd.	664.000	664,000	664.000	664,000
ii)	Catalyst Finance Ltd.	647,160	647,160	647,160	647,160
iii)	Econium Investments & Finance Ltd.	391,760	391,760	391,760	391,760
iv)	Fusion Investments & Financial Services Ltd.	825,680	825,680	825,680	825,680
v)	Primus Investments & Finance Ltd.	366,365	366,365	366,365	366,365
vi)	Conquest Investments & Finance Ltd.	288,320	288,320	288,320	288,320

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

	Name of the Loanee	No. of shares held by Loanee As at 31.3.2009	No. of shares held by Loanee As at 31.3.2008	Maxi. no. of shares held by Loanee during the year 2008-09	Maxi. no. of shares held by Loanee during the year 2007-08
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, 2009, 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.230,000,000/- against such compensation and similarly has received during the year an amount of Rs.21,369,980/-. Advances received against reservation / allotment of flats and deposits received 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.250,000,000/- to VCL, which has accrued during the year together with interest thereon. 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 Associaties:

Rs.'000

Sr. No.	Name of the Associate	As at 31.3.2009	As at 31.3.2008
i)	Mukand Engineers Limited Including Goodwill of Rs.79,883 thousands.	**197,806**	197,806
	Share of post acquisition accumulated Profits/Reserves	**24,866**	17,158
	Share of current Profit/(Loss)	**14,430**	7,708
		237,102	222,672
ii)	Stainless India Limited Including Goodwill of Rs.70,161 thousands.	**136,759**	136,759
	Share of post acquisition accumulated Losses	**(136,759)**	(136,759)
	Share of current (Loss)	**–**	–
		–	–
iii)	Bombay Forgings Limited	**1,929**	1,929
	Share of post acquisition accumulated Profits	**83,544**	82,093
	Share of current Profit	**230**	1,451
	Less : Provision for diminution in value of investments	**78,478**	78,478
		7,225	6,995

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

		31.3.2009 Rs.'000	31.3.2008 Rs.'000
9(a)	**Contingent Liabilities not provided for:**		
i)	Disputed matters in appeal/contested in respect of:		
	- Income Tax	**370,397**	27,784
	- Excise Duty, Customs Duty etc.	**29,688**	30,324
	- Sales Tax, Works Contract Tax etc.	**146,141**	149,670
	- Other matters	**5,934**	5,903
ii)	Claims against the Company not acknowledged as debts	**79,702**	228,490
iii)	Bills discounted with the Bankers and others - Sale Bills discounted	**133,636**	58,891
iv)	Guarantees and Counter guarantees given on behalf of :		
	- Associates	**-**	8,303
	- Others	**791,818**	776,899
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	**212,904**	243,650
vii)	Share in the contingent liabilities of Associates	**27,582**	34,691

viii) Liability to Mukand that may arise on account of loss on realisation of assets in terms of the agreement and out of pending litigations referred in the agreement for sale of shares of Kalyani Mukand Ltd – Amount not ascertained at present. In the matter of pending litigations, the arbitral tribunal has given an award whereby no liabilities devolve on Mukand. The said award has been challenged in the High Court.

ix) Undertakings given by Mukand during the F.Y. 1999-2000 for indemnifying the acquirer of the shares of Metso Minerals Mumbai (Pvt.) Ltd., in the event of non-fulfillment of covenants under the transactions. Claims which arose on completion of certain Sales Tax assessments aggregating Rs.231,627/- have been duly accounted during an earlier year. No further amounts have been claimed during the year.

x) 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 initial eight years.

xi) Mukand has implemented the award given by the Industrial Tribunal in the matter relating to emoluments relating 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. 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 therefrom cannot therefore, be determined at present.

xii) 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.142,743,646/-. The Writ Petition filed by Mukand is pending disposal by the Hon'ble Bombay High Court.

xiii) 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%. 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 1,355,249 Kwh and given in the grid of Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) which holds these units to the credit of Mukand's account. The balance of units to be purchased and given to MSEDCL for FY 2007-08 and FY 2008-09 aggregate 6,531,874 Kwh.

(b) There have been delays in payment of tax deducted at source by Mukand. 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.330,678,120/- 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 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, 2008. 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 price on the marketing contractor who in turn has billed Mukand at this price and which liability, has been fully accounted for.

	31.3.2009 Rs.'000	31.3.2008 Rs.'000
11. a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for	**374,748**	1,425,526

b) Operating lease :

Lease assistance facilities of Rs.150,000,000/- (utilisation by way of advances to the suppliers of equipment as at 31.3.2009 Rs.45,639,733/-) from Infrastructure Leasing and Financial Services Limited to Mukand is to be secured by way of equitable mortgage on the Company's one residential premises at Mumbai.

c) Future Rental obligations in respect of premises taken on lease.

	Rs.'000
1. For a period not later than one year.	**4,138**
2. For a period later than one year and not later than five years.	**3,232**
3. For a period later than five years.	-
Total	**7,370**

12.a) **Disclosure regarding Income from Engineering Contracts of Mukand :**

	Rs.'000
(i) The amount of Contract revenue recognised as revenue during the year.	**376,614**
(ii) The aggregate amount of costs incurred and recognised profits (less recognised losses) upto 31.3.2009.	**7,310,899**
(iii) The amount of advances received (Gross)	—
(iv) The amount of retentions (included in sundry debtors) (net balance)	—

b) The management has, keeping in view the accounting policy adopted by Mukand technically determined the realisable value of Accumulated Direct Costs (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 Mukand 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 and determination of the period in which further losses if any, should be entirely recognized and fully expensed.

13. 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.69,375,000/-. 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.69,375,000/-, during the Accounting Year 1997-98. Mukand has, upto the close of the Accounting Year 2008-09, received amounts aggregating Rs.39,971,860/- against the aggregate consideration of Rs.69,375,000/-.

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. Therefore, for the purposes of CFS, Hospet Steels Ltd. has not been included.

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, 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 :

a. 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.

b. Pledge of Promoters' holding of shares of Bajaj Auto Limited to the tune of Rs.182.60 million.

c. Mukand shall ensure balance realization of non-core assets and investments aggregating Rs.1,200 million (net of amounts realized till 31.03.2009) over a specified time schedule ending on 31st March 2010.

d. Debts of about Rs.118 million were to be converted into equity. CDR has waived this condition on Mukand repaying debt along with interest @ 18% per annum compounded on quarterly basis w.e.f. 1st April 2002.

e. 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. Installments due during the year have been paid.

f. 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.

g. Lenders shall have a right of recompense upto 12% per annum in excess of the effective IRR charge in FRP for initial 8 years.

h. 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.

16. Segment Information for the year ended 31st March, 2009

A. Business Segment:

Rs. '000

Particulars	Steel	Industrial Machinery	Road Construction	Other Products	Eliminations	Total
Segment Revenue:						
External Revenue	18,672,860	2,520,583	376,614	129,206	—	**21,699,263**
Inter-Segment Revenue	—	151,964	—	6,125	(158,089)	—
Total Revenue	**18,672,860**	**2,672,547**	**376,614**	**135,331**	**(158,089)**	**21,699,263**
Less: Excise Duty						2,313,276
Net Revenue						**19,385,987**
Segment Results before interest and tax:	(1,055,281)	676,799	(303,147)	(5,968)	—	**(687,597)**
Inter Segment Margin	—	19,833	—	(2,038)	(17,795)	—
Total Segment Results before interest and tax:	**(1,055,281)**	**696,632**	**(303,147)**	**(8,006)**	**(17,795)**	**(687,597)**
Add: Unallocated Income (net of Expenses)						2,796
Add: Share of Profit in Associates						14,660
Less: Finance and Lease Charges						(1,356,856)
Less: Exceptional Items (net) (Including share in Associates)						(9,376)
Add: Excess Provision for tax						3,004
Add: Tax Savings (Net of Tax Expenses)						575,369
Net Loss						**(1,458,000)**
Other Information						
Segment Assets	30,624,401	4,343,318	2,147,638	1,457,473	—	**38,572,830**
Un-allocated Assets						2,673,299
Total Assets						**41,246,129**
Segment Liabilities	5,675,870	1,560,460	155,188	2,089,413	(483,631)	**8,997,300**
Un-allocated Liabilities (Including Loan Funds)						14,874,168
Total Liabilities						**23,871,468**
Capital Expenditure						
Segment Capital Expenditure	1,211,401	30,267	96	32	—	**1,241,796**
Un-allocated Capital Expenditure						493
Total Capital Expenditure						**1,242,289**
Depreciation & Amortisation						
Segment Depreciation & Amortisation	526,653	11,819	39,505	566	—	**578,543**
Un-allocated Depreciation & Amortisation						6,000
Total Depreciation & Amortisation						**584,543**
Significant Non-Cash Expenditure						
Segment Non-Cash Expenditure	520	857	276	—	—	**1,653**
Un-allocated Non-Cash Expenditure						—
Total Significant Non-Cash Expenditure						**1,653**

Notes:

1. Finance and Lease Charges excludes interest charged to Segment Results (net of eliminations) Rs.67,158,024/-.
2. Segment Result is after adjusting prior period items.
3. Share of Profit in Associates is after considering prior period items.

B. Geographical Segment:

Rs. '000

Particulars	India	Rest of the World	Total
Segment Revenue	19,973,985	1,725,278	**21,699,263**
Carrying cost of Segment Assets	38,500,122	72,708	**38,572,830**
Additions to Fixed Assets & Intangible Assets	1,241,731	65	**1,241,796**

16. Segment Information for the year ended 31st March, 2008

A. Business Segment:

Rs. '000

Particulars	Steel	Industrial Machinery	Road Construction	Other Products	Eliminations	Total
Segment Revenue:						
External Revenue	19,061,210	2,320,297	583,994	201,423	—	**22,166,924**
Inter-Segment Revenue	41,072	421,078	—	5,525	(467,675)	—
Total Revenue	**19,102,282**	**2,741,375**	**583,994**	**206,948**	**(467,675)**	**22,166,924**
Less: Excise Duty						2,737,169
Net Revenue						**19,429,755**
Segment Results before interest and tax:	1,538,483	617,182	(151,484)	27,692	—	**2,031,873**
Inter Segment Margin	—	67,978	—	(14,866)	(53,112)	—
Total Segment Results before interest and tax:	**1,538,483**	**685,160**	**(151,484)**	**12,826**	**(53,112)**	**2,031,873**
Less: Unallocated Expenses (net of Income)						(40,132)
Add: Share of Profit in Associates						18,921
Less: Finance and Lease Charges						(1,194,852)
Add: Exceptional Items (net) (Including share in Associates)						34,613
Less: Short Provision for tax						(1,101)
Less: Provision for taxes						(312,929)
Net Profit						**536,393**
Other Information						
Segment Assets	20,147,759	1,741,860	2,491,817	1,401,683	—	**25,783,119**
Un-allocated Assets						2,841,188
Total Assets						**28,624,307**
Segment Liabilities	4,752,049	1,171,733	182,480	1,907,836	(480,121)	**7,533,977**
Un-allocated Liabilities (Including Loan Funds)						14,386,853
Total Liabilities						**21,920,830**
Capital Expenditure						
Segment Capital Expenditure	2,397,715	158,126	996	156	—	**2,556,993**
Un-allocated Capital Expenditure						5,279
Total Capital Expenditure						**2,562,272**
Depreciation & Amortisation						
Segment Depreciation & Amortisation	527,168	8,931	41,182	1,811	—	**579,092**
Un-allocated Depreciation & Amortisation						39,260
Total Depreciation & Amortisation						**618,352**
Significant Non-Cash Expenditure						
Segment Non-Cash Expenditure	539	580	23	—	—	**1,142**
Un-allocated Non-Cash Expenditure						49,440
Total Significant Non-Cash Expenditure						**50,582**

Notes:

1. Finance and Lease Charges excludes interest charged to Segment Results (net of eliminations) Rs.43,857,771/-.
2. Segment Result is after adjusting prior period items.
3. Share of Profit in Associates is after considering prior period items.

B. Geographical Segment:

Rs. '000

Particulars	India	Rest of the World	Total
Segment Revenue	20,326,221	1,840,703	**22,166,924**
Carrying cost of Segment Assets	25,664,602	118,517	**25,783,119**
Additions to Fixed Assets & Intangible Assets	2,556,903	90	**2,556,993**

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) Long Term Engineering Contracts - Road Construction.
   iv) Other products — Comprise Segments of Heavy Castings, 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 sales price/cost.
5. The Segment Information include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

17. a) Exceptional Items shown in the Profit and Loss Account:

Expenditure:	2008-09 Rs.'000	2007-08 Rs.'000
(i) Amortization of goodwill arising on consolidation.	—	33,260
(ii) Share in Associates	—	9,762
(iii) Irrecoverable interest written off	5,927	12,578
(iv) Other advances written-off	5,495	—
Total	11,422	55,600
Income:		
i) Bad Debts/Bad Advances/Doubtful Debts which were written-off/provided earlier recovered during the year.	2,046	—
ii) Provision for diminution in the value of Investments written back.	—	90,213
iii) Share in Associates.	—	—
Total	2,046	90,213
Net Total	9,376	34,613

b) Prior period adjustments' represents:

(i) Debit relating to earlier years	64	310
(ii) Credit relating to earlier years	(244)	(240)
(iii) Depreciation adjustments (Net)	14,852	469
(iv) Share in Associates	(27)	146
(v) Difference in interest payable to Lenders	—	69,271
Total	14,645	69,956

18. Related Party Disclosures:

(a) Relationship :

(i) Related parties where control / significant influence exists :

Mukand Engineers Ltd., Bombay Forgings Ltd., Stainless India Ltd., Hospet Steels Ltd., 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., Mukand Bekaert Pvt. Ltd., Mukand Vini Mineral Pvt. Ltd.

(ii) Key Management Personnel :

Niraj Bajaj, Rajesh V. Shah, Suketu V Shah.

(iii) Relatives of key management personnel and enterprises in which significant influence can be exercised by persons at (ii) above or their relatives where transactions have taken place :

Viren J Shah, Bansri R Shah.

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) above
1	Purchases:			
	• Raw Material	43,698 (64,331)		
	• Stores	6,145 (4)		
	• Semi Finished goods	78,584 (167,399)		
2	Sales:			
	• Stores	5,025 (614)		
	• Semi Finished/Finished Goods	206,521 (218,600)		
3	Expenditure:			
	• Rent	180 (180)		-- (217)
	• Interest paid	38,319 (31,543)		
	• Sub-Contracting Expenses	26,073 (7,540)		
	• Service Charges	12,299 (14,563)		
	• Share of expenses under an alliance	194,987 (208,837)		
	• Remuneration		9,679 (11,108)	1,774 (1,751)
	• EDP Data Processing Services	44,250 (42,000)		
	• Equipment Hire chages	952 (466)		
	• Conversion charges	-- (13,729)		
	• Advances written off	5,497 (--)		
	• Irrecoverable interest written off	5,927 (--)		
	• NPA provided	37,500 (--)		
	• Provision for diminution in the value of investments	136,759 (--)		
4	Income:			
	• Rent	804 (876)		
	• Interest received	75,950 (72,707)		
	• Service Charges	1,641 (1,473)		
	• Conversion/Machining Charges	6,566 (11,898)		
	• Other miscellaneous	423 (414)		
	• Bad Debts recovered	5,925 (--)		
5	Other payments:			
	• Reimbursement of expenses	168 (2)		
	• Reimbursement of expenses on account of deputation of employees	112 (127)		

Rs.'000

Nature of transactions	Related parties as referred in a (i) above	a (ii) above	a (iii) above
6 Other receipts:			
• Reimbursement of expenses	**6,512** (3,662)		
• Reimbursement of expenses on account of deputation of employees	- - (--)		
7 Investments, Finance & Advances:			
• Loans repaid by Loanees	**89,611** (23,135)		
• Loans taken	**425,550** (165,300)		
• Loans/Advances given	**514,675** (59,235)		
• Loans repaid (including interest)	**523,326** (121,392)		
• Investment in shares	**55,613** (10,000)		
• Application money for shares	**8,700** (50,000)		
• Divestment in shares	— (10)		
8 Outstanding balances at the close of the year:			
• As debtors	**1,004,582**		
Less : Provision for doubtful debts	**144,981**		
Debtors (net of provision)	**859,601** (804,095)		
• As Creditors	**25,715** (2)		— (44)
• Loans & Advances-Receivables (incl. Interest)	**3,588,289 #**		
Less : Provision for doubtful advances	**200,000**		
Loans & Adv. (net of provision)	**3,388,289** (2,290,632)		
• Loans & Advances-Payables (incl. Interest)	**381,067** (111,021)		
• Property Deposit taken	**650** (650)		
• Property Deposits received back			— (1,500)
• Term Loan incl. Interest	**170,294** (178,179)		
• Guarantees given by Mukand	**49,000** (8,303)		
• Counter Guarantees given on behalf of Mukand	**60,000** (60,000)		
• Collateral given on behalf of Mukand	** (**)	*** (***)	

Figures in bracket relate to previous year.

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

*** 3,869,089 Equity Shares of Mukand.

includes Rs.Nil (Previous Year Rs. 84,910,639/-) on which interest income not accounted by Mukand out of prudence.

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

	2008-09 Rs.'000	2007-08 Rs.'000
Profit/(Loss)	**(1,458,000)**	536,393
Less : Preference Share Dividend and tax thereon	**7**	7
Profit/(Loss) including exceptional items attributable to Equity Shares	**(1,458,007)**	536,386
Less: Exceptional items (Net of tax)	**9,376**	34,613
Profit/(Loss) excluding exceptional items attributable to Equity Shares	**(1,448,631)**	501,773

21. Deferred Taxation:

a) Mukand

Components of Deferred tax assets/liabilities are as under:

	As at 31.3.2008 Rs'000	Charge / (Credit) for the year 2008-09 Rs.'000	As at 31.3.2009 Rs'000
Deferred Tax			
Deferred Tax liability on account of:			
a) Depreciation	1,285,594	(98,346)	1,187,248
b) Others	198,748	(18,822)	179,926
	1,484,342	(117,168)	1,367,174
Deferred Tax Asset on account of:			
a) Employee benefits, etc.	72,231	(5,613)	77,844
b) Taxes, Duties, Cess, Interest to Banks/FIs, etc.	397,289	20,817	376,472
c) Provision for doubtful debts	157,060	(64,874)	221,934
d) Unabsorbed Depreciation/ Business Loss, etc.	212,555	(443,299)	$655,854
e) Others	50,585	15,515	35,070
	889,720	(477,454)	1,367,174
Net Deferred Tax Liability	594,622	(594,622)	--

$ Deferred tax asset aggregating to Rs. 237,178,000/- has not been recognised, considering the principle of virtual certainty as stated in the Accounting Standard AS-22 - Accounting for taxes on Income.

b) MGFL

Rs.'000

Particulars	As at 31.3.2008	Charge/ (Credit) for the year 2008-09	As at 31.3.2009
Deferred Tax Assets on account of :			
Depreciation	--	--	--
Provision for Employee Benefits	144	(61)	205
	144	(61)	205
Deferred Tax Liability on account of :			
Depreciation	115	(7)	108
Net Deferred Tax Asset	29	(68)	97

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 crystalise in the foreseeable future.

d) VCL

Deferred tax asset aggregating Rs.254,197,298/- 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.

22. Due to losses incurred during the year, Mukand has not set aside any amount towards Debenture Redemption Reserve as provided in the relevant Trust Deeds.

23. 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.

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

As per our attached report of even date
For and on behalf of
Dalal & Shah
Chartered Accountants

Niraj Bajaj
Chairman & Managing Director

Rajesh V Shah
Co-Chairman & Managing Director

Suketu V Shah
Joint Managing Director

Ashish Dalal
Partner
Mumbai : May 30, 2009

K J Mallya
Company Secretary
Mumbai, May 30,2009

DETAILS OF BALANCE SHEET AS AT 31ST MARCH, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 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	119,676	700	49,969	13,821
2	Reserves and Surplus	275,820	2,689	—	23,724	—
3	Total Assets	1,546,149 @	152,122	69,823	73,693	17,791
4	Accumulated Losses	—	(2,023,544)	—	—	301
5	Total Liabilities	1,546,149	2,175,666	69,823	73,693	18,092
6	Investments in shares	198,596	90	—	13,821	—
7	Turnover and Other Income	83,007	74,318	—	1,995,411	2,379
8	Profit/(Loss) Before Taxation	(52,704)	32,766	—	18,136	273
9	Provision for Taxation *(including for earlier years)*	(2,119) *	2,959	—	5,436	—
10	Profit/(Loss) After Taxation	(50,585)	29,807	—	12,700	273
11	Proposed Dividend	—	—	—	—	—

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

Note:- In respect of foreign subsidiary :

a) Item nos. 1 to 6 and 11 are translated at exchange rate as on 31st March, 2009, of US $ 1 = Rs. 50.72

b) Item nos. 7 to 10 are translated at annual average exchange rate of US $ 1 = Rs. 45.99

The above details have been annexed in terms of approval Letter No. 47/46/2009-CL-III dated 17/02/2009 issued by Government of India, Ministry of Company Affairs under Section 212(8) of The Companies Act, 1956.