



INTEGRATED

Usha Martin Limited • Annual Report 2009-10

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Corporate Information

Board of Directors

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

Senior Management Team

India

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

Europe

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

Southeast Asia

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

United States of America

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

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

Bankers

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

Registrar & Transfer Agent

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

Auditors

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

Works

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

Registered & Corporate Office

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

Chairman's Message

10th May, 2010

Dear Shareholders,

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

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

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

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

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

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

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

Thank you,

Prashant Jhawar
Chairman

Report of the Board of Directors

Dear Shareholders,

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

Financial Results

(Rs. in cr.)

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

Dividend

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

Review of Operations

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

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

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

37.10%.

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

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

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

Projects

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

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

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

Business Outlook

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

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

Subsidiaries

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

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

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

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

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

1st April, 2009.

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

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

Joint Ventures

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

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

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

Capital

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

TPM and quality

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

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

Steel division and wire ropes and speciality products division continue to have certification for its quality management system

being in accordance with ISO 9001 2000 from BVQI.

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

Environment

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

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

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

Human resources

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

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

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

Deposits

As on 31st March, 2010, there are unclaimed deposits of Rs.0.11 cr.

Corporate Governance

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

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

Your Company has been complying with requirements of Clause 49 of Listing Agreement and has also followed practice of getting

disclosures from Directors and senior management personnel relating to any material financial and commercial transactions where they have any personal interest with a potential conflict with interest of the Company at large.

A detailed report on Corporate Governance is annexed.

Directors

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

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

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

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

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

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

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

Directors' Responsibility Statement

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

- i) The applicable accounting standards have been followed in preparation of annual accounts for financial year ended 31st March, 2010 and proper explanations have been furnished relating to material departures;
- ii) The accounting policies have been selected and applied consistently and reasonably and prudent judgments and estimates have been made so as to give a true and fair view of state of affairs of the Company at end of financial year and of profit of the Company for year under review;
- iii) The proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) The annual accounts for financial year ended 31st March 2010 have been prepared on a going concern basis.

CEO / CFO Certification

The Managing Director and Chief Financial Officer of the Company submitted a certificate to Board of Directors as required under Clause 49 of Listing Agreement for the year ended 31st March 2010.

Additional disclosures

In line with requirements of listing agreements and accounting standards issued by the Institute of Chartered Accountants of India, your Company made additional disclosures in respect of consolidated financial statements, related party transactions and segmental reporting.

Auditors

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

Cost auditors

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

Further, the Board appointed M/s. Guha, Ghosh, Kar & Associates, as cost auditors of the Company for financial year 2010-11. The

requisite application was made to the central government.

Energy conservation

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

Corporate social responsibility

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

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

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

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

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

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

Awards and Recognition

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

Appreciation

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

On behalf of the Board of Directors

Place: Kolkata
Date: 10th May, 2010

B. K. Jhawar
Chairman Emeritus

P. Jhawar
Chairman

Management Discussion and Analysis

Economic overview

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

Company overview

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

Business segment

Steel and mining business

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

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

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

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

Business overview

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

Usha Martin Limited is a steel boutique engaged in the manufacture of special steels used in niche products with customized applications. The Company's speciality steel making facilities in Jamshedpur and Agra offer a product basket

comprising pig iron, DRI, billets, blooms, wire rods, bars and rolled products of various dimensions and grades.

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

Products and applications

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

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

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

Key business initiatives

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

Wire ropes and speciality products business

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

Overview

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

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

Product and product applications

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

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

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

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

Key business initiatives

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

International business

The Company enjoys a wide international presence through manufacturing and distribution subsidiaries located in different parts of the world. The Company's international business accounted for 29.5% of its consolidated gross activity level. The Company weathered the slowdown by pursuing sales of special products and growing its presence in new markets.

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

Usha Martin International Limited [UMIL]

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

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

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