

TRANSCENDENCE



Annual Report 2010-11 • Usha Martin Limited

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Corporate Information

Board of Directors

Mr. B K Jhavar	- Chairman Emeritus
Mr. Prashant Jhavar	- Chairman
Mr. Brij K Jhavar	- 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
Mr. Rajeev Jhavar	- 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. A K Somani	- Chief Financial Officer & Company Secretary
Mr. Sanjay Nath	- Sr. Vice President [Sales & Marketing]
Mr. D J Basu	- Sr. Vice President [HR]
Mr. S K Jala	- Sr. Vice President [IT]
Mr. Rajesh Sharma	- Sr. Vice President [Wire & Wire Rope Division]
Mr. Sunil Gupta	- Sr. Vice President [Commercial]
Mr. Anjan Kumar Dey	- Sr. Vice President [Iron Making]
Mr. Malay Kumar De	- Sr. Vice President [Metallurgical Services]
Mr. Arvind Kapoor	- Vice President [Marketing]

Europe

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

South East Asia

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

United States of America

Mr. Sunil Sadani	- Vice President – Usha Martin Americas Inc.
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Registered & Corporate Office :

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

Works :

Adityapur, Jamshedpur
Tatilswai, Ranchi
Hoshiarpur, Punjab
Nawalganj, Agra, UP
Sri Perumbudur, Tamil Nadu
Bangalore, Karnataka

Mines :

Barajamda, Jharkhand
Daltonganj, Jharkhand

Bankers :

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

Auditors :

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

Share Listings :

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

Registrar & Transfer Agent :

MCS Limited
77/2A, Hazra Road, Kolkata – 700 029
Phone : 033 – 24541892-93
Fax : 033 – 24541961/24747674
Email : mcskol@rediffmail.com

Report of the Board of Directors

Dear Shareholders,

The Board of Directors of your Company takes pleasure in presenting 25th Annual Report and audited accounts of your Company for the financial year ended 31st March, 2011.

Financial Results

(Rs. in Cr.)

	Stand Alone		Consolidated	
	31 March, 2011	31 March, 2010	31 March, 2011	31 March, 2010
Gross Sales including inter company/division sales and excise duty	3477.70	2553.77	4389.35	3604.32
Less: Excise Duty	215.53	109.64	221.83	115.92
Less : Inter company/ division sales	735.47	593.74	1120.95	973.99
Net Sales excluding excise duty and inter company/division sales	2526.70	1850.39	3046.57	2514.41
Other Income	27.28	20.16	20.58	25.51
Net Sales and Other Income	2553.98	1870.55	3067.15	2539.92
Profit Before Depreciation & Tax	321.79	246.46	405.03	369.51
Depreciation	176.49	107.25	200.96	129.47
Profit Before Tax	145.30	139.21	204.07	240.04
Tax expenses (including deferred tax)	45.77	47.00	64.04	68.52
Profit After Tax	99.53	92.21	140.03	171.52
Minority Interest	-	-	(3.00)	(2.90)
Profit after Taxation and Minority interest	-	-	137.03	168.62
Profit Brought Forward from Previous Year	41.12	34.36	212.14	132.08
Appropriations are made as under:				
-General Reserve	50.00	50.00	50.01	50.00
-Transfer to Capital Redemption Reserve	-	-	-	3.00
-Proposed Dividend on Equity Shares and tax thereon	35.21	35.45	35.30	35.55
-Balance Carried Forward to next year	55.44	41.12	263.86	212.14

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 2011, amounting to Rs 35.21 cr. including dividend tax, surcharge and cess.

Review of Operations

During 2010-11, your Company recorded a growth of 36.6% by achieving net turnover of Rs. 2526.70 cr. as against Rs. 1850.39 cr. in previous year. Gross profit achieved during the year was also higher by 38.0% at Rs. 496.02 cr. against Rs. 359.49 cr. in the previous year. The gross sales before adjustment of inter divisional sales were Rs. 3477.70 cr., which is higher by 36.2% over that in previous year.

The Company achieved profit before tax of Rs. 145.30 cr. and net profit of Rs. 99.53 cr. as against Rs. 139.21 cr. and Rs.92.21 cr. in 2009-10, recording increase of 4.4% and 7.9% respectively.

The collective turnover of subsidiaries (without inter-company/division sales) was however lower by 13.2% at Rs. 911.64 cr. against that in previous year of Rs. 1050.55 cr. in previous year.

At consolidated level, net turnover (net of excise duty and inter-company/division sales) stood at Rs. 3046.57 cr. against Rs. 2514.41 cr. in 2009-10. Consolidated gross profit increased by 18.6% to Rs. 587.31 cr. However, profit before tax and profit after tax decreased by 15.0% and 18.4% to Rs. 204.07 cr. and Rs. 140.03 cr. respectively.

Projects

The capex plans undertaken by the Company for strengthening its' advantage of cost competitiveness, are progressing satisfactorily and are expected to be commissioned in phases over FY 2011-12 and 2012-13. The projects under implementation include setting up of captive facilities namely pellet plant, coke oven plant, additional DRI and power plants and balancing facilities in Steel and Wire & Wire Ropes Divisions.

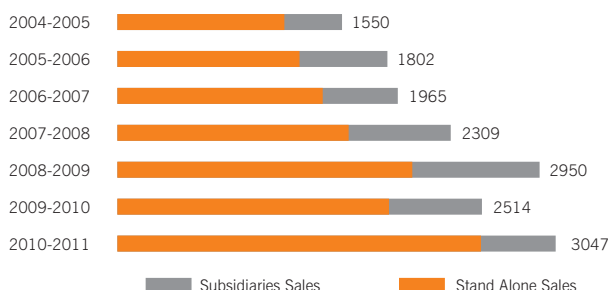
Business Outlook

While domestic economic conditions have restored to an extent from down turn and global economy is also showing signs of possible recovery, higher input prices and rising inflation, coupled with volatility in prices of finished goods due to external competitive pressures, may have impact on profitability in the sector and segments the Company

operates. However with the advantage of reasonably higher level of integration with mineral resources and range of value added products, your directors are confident of the Company performing relatively better in near future.

Net Sales

Rs in Crore



Subsidiaries

All the operating subsidiaries of the Company have continued to perform well during the year under review. The international subsidiaries provide significant synergy and support to the Company's business and performance.

Usha Martin International Ltd. and Usha Martin Singapore Pte Ltd. wholly owned subsidiaries of the Company have given interim dividends of Rs. 10.57 cr. and Rs. 3.52 cr. respectively during the year under review. Brunton Wolf Wire Ropes FZCO, the Joint Venture of the Company, has given a dividend of Rs. 2.41 cr. during the year under review. U M Cables Ltd. another wholly owned subsidiary of the Company, has also paid dividend of Rs. 0.58 cr. on its outstanding preference shares allotted to and entirely held by the Company.

The Statement under Section 212 of the Companies Act, 1956 in respect of subsidiaries of the Company is annexed to this Report.

Joint Ventures

All the key joint ventures formed by the Company namely, Pengg Usha Martin Wires Pvt. Ltd., Gustav Wolf Speciality Cords Ltd. and Dove Airlines Pvt. Ltd., have done reasonably well in the year under review.

TPM & 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 plan to go on for Deming Award.

Steel Division of the Company, has already received Excellence and Consistency awards for total productive maintenance from JIPM.

Steel Division and Wire Ropes & 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 Division and Speciality Products Divisions continue to enjoy Certification under ISO 14001 Environment Management Systems (EMS) Standards from Det Norske Veritas (DNV), of U.K. The effectiveness of these systems is evident from reduced oil and water consumption, reuse of waste oils and water, utilization of iron containing wastes and improved green cover in steel plant site.

Wire Rope & Speciality 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 2010-11 and their co-operation 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, 2011, there are unclaimed deposits of Rs. 0.08 cr.

Corporate Governance

Your Company has complied with requirements of Clause 49 of Listing Agreement and followed practice of getting disclosures from directors and senior management personnel relating to any material financial and commercial transactions where they have any personal interest with a potential conflict with interest of the Company at large. Your Company recognizes importance of good Corporate Governance as step for building stakeholders' confidence, improving investor protection and enhancing long-term enterprise value.

A detailed report on Corporate Governance is annexed.

Directors

Mr. P Jhavar, Mr. A K Basu, Mr. S Singhal and Dr. Vijay Sharma are retiring by rotation.

Mr. N J Jhaveri retired by rotation in last annual general meeting. Your directors place on record their warm appreciation for contribution made by him in progress and growth of the Company.

During the year under review, Mr. Jitender Balakrishnan was inducted as Director in Board of Directors of the Company. The Board appointed him as Chairman of the Audit Committee, filling up vacancy caused by retirement of Mr. N J Jhaveri.

Subsequent to resolution passed by the shareholders in Annual General Meeting held on 27th July, 2010, for payment of commission to Mr. Prashant Jhavar @ 1.5% of net profits of the Company for each of five financial years commencing from 1st April, 2010, approval from Central Government has since been received.

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, 2011 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, 2011 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, 2011.

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

During the year, Board appointed M/s. Guha, Ghosh, Kar & Associates, Cost Accountants, to conduct cost audit of the Company. The Company has already received approval from the Central Government for financial year 2010-11.

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 has always been aware about its' responsibility to the society and accordingly been giving very high priority and commitment towards discharge of the same.

A detailed report on various initiatives in this regard is attached and forms part of this report.

Appreciation

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

On behalf of the Board of Directors

Kolkata
11th May 2011

P Jhavar
Chairman

Management Discussion and Analysis

Economic overview

The Indian economy continued to grow impressively in 2010-11, while the western economies and Japan continued to struggle for recovery. The growth in Indian economy is expected to continue with same momentum though it might be dampened due to challenges like high inflation emanating from price rise of crucial products like oil and agro commodities. Impact of recent measures like higher interest rate to counter inflation, will slowly unfold in coming time and will require businesses to be nimble footed to changing scenarios.

The hangover of meltdown particularly in USA and Europe continued in 2010-11. The earthquake and tsunami in Japan have added further uncertainties in recovery process. Events in MENA countries have caused anxieties in oil supplies, prompting investments in other geographical regions particularly in deep water exploration. (Though some signs of recovery have been noticed of late in western economies, global commodity prices are likely to face downward correction which may influence global steel price scenario as well.)

Crucial raw materials prices grew at unbridled pace but commodity prices are likely to face downward correction which may influence global steel scenario during 2011-12.

Company overview

Usha Martin Limited is a Rs. 4,400 cr. company with speciality steel and value added steel products as its core business. It is the largest producer of speciality steel long products in India and one of the leading global manufacturers of wire rope.

The company follows an integrated model, with captive iron ore and coal mines in Jharkhand and state-of-art integrated steel plant near Jamshedpur producing wide range of speciality steel wire rod and bar products, from 5 mm to 160 mm diameter.

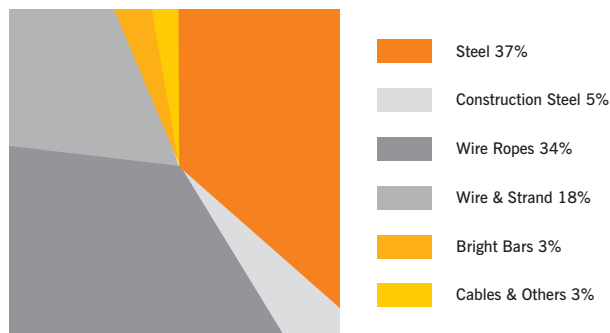
In steel wire rope manufacturing, the Company is the largest in India and one of the largest in the world. Its manufacturing plants are located at Ranchi and Hoshiarpur in India and in Thailand, Dubai and UK overseas. Besides wire ropes, its product mix includes cords, strands, wires, bright bars and oil tempered wires.

The global business of wire rope is supported by marketing, distribution and rigging facilities in various locations in USA, Europe and South-East Asia. The Company also provides products and solutions for oil and gas sectors for anchoring, drilling and mooring applications.

The Company has an in-house machinery manufacturing facility at Ranchi to cater to captive engineering requirements

as well as external demand in India and export markets. It has been significantly modernized recently.

Product Exposure Consolidated



1. Steel business

Steel business of the Company spreads from mining of iron ore and coal to manufacturing speciality steel in the state of Jharkhand and construction steel at Agra in the state of UP. Iron Ore mine is located at Barajamda and Coal mine at Daltonganj.

Major capex projects, including a new Blast Furnace and a sinter plant, have been completed in FY 10-11. This has enabled the plant to reach a production level of 0.5 million ton, a staggering 33% growth in the year. The turnover showed an even more impressive growth of 48% due to improved product mix and realizations.

Share of steel business increased to 62.6% of the Company's gross level of activity and 53.2% of reported turnover in 2010-11.

Fuelled by growing infrastructure, consumer durables and auto sectors in a growing economy, the demand for company's products remained strong during the year. The same trend is likely to continue (though slightly moderated by rising interest rates) and the company plans to garner a higher share in it with increased capacity utilization and better cost competitiveness.

Projects/Capex Plans

Cost competitiveness has been the driving force behind the integrated business model followed by the company. The benefits are all the more visible in current regime of high commodity prices. Ongoing projects for setting up a pellet plant for utilization of cheaper iron ore fines, coke oven plant for reducing dependence on imported coke, additional DRI and Captive Power Plants are to be seen in this context. These projects, expected to be commissioned in next two years, will further strengthen company's cost competitiveness.

Captive mines provide not only a cost advantage but also a better quality due to control on inputs and more importantly, consistent production free of uncertainties in supply of raw materials.

Key Focus Areas & Achievements

The Company achieved following:

- Volume sales of 5,18,324 MT of rolled products, at steel plant at Jamshedpur, higher by 33% over the previous year.
- Commissioning of second Blast Furnace for captive consumption making it self-reliant in its metallic requirement for steel production.
- Commissioning of Sinter Plant which uses iron ore fines, replacing sized iron ore as an input in Blast Furnace.
- Higher utilization of thermal coal from own mine DRI production insulating the Company from volatile price fluctuations of purchase coal.
- Product development and approval from OEMs for bar products achieving recognition for its quality.

The Company recognizes importance of two key raw materials i.e iron ore and coal and initiatives have been taken to enhance mining capacity apart from setting up of pellet plant for conversion of iron ore fines to pellets, which will also improve productivity of DRI kilns.

2. Wire Ropes & Speciality Products Business

The company showed a healthy growth of 14.8% in turnover in FY 10-11, buoyed by demand from elevators and mining segment. The fastest growing markets for elevators are in South-East and South Asia. Mining, Oil drilling and General Engineering activities are also on a high growth trajectory here.

With production centers in India, Thailand and Dubai, the company is poised to achieve high growth in coming years. In addition, its warehousing and distribution facilities provide a wide reach to its products.

On stand-alone basis, the wire ropes and speciality products business accounted for 37.4% of gross activity level and 46.8% of the reported turnover of the Company, generating a turnover of Rs. 1,208.73 cr. as against Rs. 1,052.94 cr. in the previous year, higher by 14.8%. The domestic turnover of this business stood at Rs. 922.76 cr. during year under review as against Rs. 733.00 cr. in the previous year.

Projects/Capex Plans

To keep up with the pace of rising demand in wire rope market, the company has planned capacity expansion in LRPC strands used extensively for pre-stressing of concrete structures, elevator ropes, and fine ropes, bright bar and OT wire.

After receiving the prestigious Award for Excellence in

consistent TPM commitment from Japan Institute of Plant Maintenance, the Company will now strive for the Deming Award to achieve even higher quality standards.

Key Initiatives

- The Company received the prestigious Award of Excellence in consistent TPM commitment from JIPM. The Division is now aiming for Deming Award.
- In its endeavor for excellence and to sharpen competitive edge, the Company has signed MOU with a premier engineering & technological institution of India for development of extra high strength wire with reduced ageing effect, and study of fatigue, damping and rotation behaviour of wire rope.
- Developed extra high strength anchor mooring ropes having higher breaking load per unit steel content within the rope.
- Continued strengthening of dealer / distribution network to further expand Pan-India reach.
- Plan to develop special PE coated LRPC strands for structural applications.
- The company has now built up capability of producing larger diameter rope and with single length weighing up to 210 Tons.

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 20.0% of its consolidated gross activity level. Gross level of activities of overseas subsidiaries has declined 9.82% from Rs. 910.32 cr. in 2009-10 to Rs. 820.85 cr. in 2010-11 due to continued depressed market conditions in most parts of the world.

Integrated Revenue Distribution



Usha Martin International Limited [UMIL]

UMIL enjoys a presence in the UK and parts of Europe through its wholly owned subsidiaries, namely:

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

The consolidated turnover of UMIL was GBP 41.0 million in 2010-11 as against GBP 49.4 million in 2009-10. UMIL reported a consolidated net profit of GBP 2.6 million as against GBP 3.2 million in the previous year.

Usha Martin Americas Inc [UMAI]

During the year, UMAI reported a turnover and profit after tax of US\$ 15.2 million and US\$ 1.1 million respectively as against US\$ 19.3 million and US\$ 1.2 million respectively in the previous year.

The sale of wire ropes to US mining companies and distribution business in Canada look positive. The mining sector offers high growth opportunity.

Brunton Wolf Wire Rope FZCO [BWWR]

BWWR, a joint venture with Gustav Wolf of Germany, reported a turnover and profit after tax of US\$ 18.8 million and US\$ 1.5 million respectively in 2010-11 as against US\$ 16.7 million and US\$ 1.4 million respectively in the previous year.

Project for building a new shed for building up additional capacity at BWWR has been completed and capacity for elevator ropes is being enhanced to meet expected future demand.

Usha Siam Steel Industries Public Company Limited [USSIL]

USSIL, in which the Company holds 97.85% of equity (by itself and through Usha Martin Singapore Pte Ltd.), achieved a turnover of Thai Baht 1,628 million during the year under review as against Thai Baht 1,493 million in the previous year. It reported a net profit of Thai Baht 86 million as against Thai Baht 71 million in the previous year.

Capacity for fine ropes is being increased at USSIL to cater to the high demand in this segment.

Usha Martin Singapore Pte Limited [UMSPL]

UMSPL together with its wholly owned subsidiaries (Usha Martin Australia Pty Limited, Usha Martin Vietnam Company Limited and PT Usha Martin Indonesia), achieved a consolidated turnover of US\$ 30.0 million and net profit of US\$ 1.7 million during the year under review as against US\$ 33.0 million and net profit of US\$ 3.6 million respectively in the previous year.

During the year under review, UMSPL has commenced

operations in the new state-of-art warehousing facility equipped with 100 ton cranes for handling large reels for offshore applications. A new stocking facility has also been opened at Jakarta (Indonesia), which is expected to boost up UMSPL business in subsequent period.

3. Cable business

U M Cables Ltd. (UMCL), a wholly owned Indian subsidiary of the Company, engaged in business of telecommunication cables achieved turnover of Rs. 85.00 cr. against Rs. 134.16 cr. in the previous year. The net profit for the year was lower at Rs. 2.00 cr. as against Rs. 5.09 cr. in FY 2009-10. Delay in off take by BSNL and international markets continuing to remain sluggish post recession, affected turnover and profitability of UMCL.

4. Financial discussion

The consolidated turnover of the Company increased by 21.2% to Rs. 3,046.57 cr. from Rs. 2,514.41 cr. On standalone basis, the Company achieved net turnover of Rs. 2,526.70 cr. as against Rs. 1,850.39 cr. in the previous year, overall increase of 36.6%.

The operating profit achieved by the Company on consolidated basis was Rs. 587.31 cr., being 19.3% of the reported turnover against Rs. 495.01 cr., being 19.7% in previous year.

On standalone basis, the operating profit was at Rs. 496.02 cr. as against Rs. 359.49 cr., maintaining margin of over 19%.

The increase in prices of key inputs such as coking coal and sluggish business conditions for Company's products particularly in international markets had kept check on operating margins.

Revenue analysis

On a standalone basis, the Company's revenues increased 36.6% from Rs. 1,850.39 cr. to Rs. 2,526.70 cr. in 2010-11 largely due to higher volumes.

Domestic sales increased from 74.4% of turnover in FY 2009-10 to 83.6% in FY 2010-11, while export sales declined from 25.6% to 16.4%. This change was on account of a stronger traction from domestic market and relatively slow recovery in the international markets.

On the overall the margins could be maintained at 19.3% during the year under review against 19.7% in the previous year.

Finance cost

The Company possessed net debt of Rs. 1,895.79 cr. (including Rs. 399.59 cr. of capex liabilities and net of cash

& bank balance of Rs. 113.01 cr.) as on 31st March 2011 with about 29% being in foreign currency. The Company's debt-equity ratio was 1.19 as on 31st March 2011. The average cost of debt as on 31st March, 2011 was 8.6%. The Company prepaid long term loans and liabilities of Rs. 485.00 cr. in 2010-11.

On consolidated basis, total debt was Rs. 2,004.05 cr. (including Rs. 399.59 cr. of capex liabilities and net of cash & bank balances of Rs 147.82 Cr) as on 31st March, 2011 with a debt equity ratio of 1.10.

Working capital management

The gross operating current assets increased by Rs. 497.68 cr. during the year. However, due to increase in level of current liabilities and provisions by Rs. 201.88 cr., overall net current assets have increased by Rs. 295.80 cr. during the year under review.

Fund Mobilisation

The Company has undertaken cost optimization projects involving total capital expenditure of Rs. 1200 cr. to be implemented, in phases, over the financial years 2011-12 and 2012-13. The financial closure for the said capex plan has been achieved during the year in combination of capex L/C facility of Rs. 700 cr. and syndicated External Commercial Borrowing (ECB) of USD 125 million.

Further during the year the Company has also raised long term rupee debt of Rs. 700 cr. which was largely utilised for prepayment of long term loans and liabilities to bring down cost of debt.

Ratings

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

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

5. Investors' Services

The Company has put investors' complaint redressal system in place. As on 31st March, 2011, there were no complaints outstanding with the Company to be attended to.

The Company has appealed to all shareholders and depositors who could not encash for dividends, interest and fixed deposits for making claims with the Company before the same become due for deposit with the Government.

During the year, the Company deposited Rs.7.67 lacs with the Investors Education & Protection Fund constituted by the Central Government, being matured dues remaining unpaid for a period of 7 years on account of dividend, debentures and fixed deposits including interest thereon.

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

6. Internal control system and risk management

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

7. Human Resources

The Company recognizes the Human Resources as most important assets of the company. The Company is constantly engaged in enriching the value and developing competencies of the Human Resources.

The Human Resource function conducts programme with external faculty in the area of Management Development (for executives and officers), soft-skills and attitudinal development (for officers, staff, workmen and trainees).

The Company's training institute (Usha Martin Training Institute, Jamshedpur) provides in-house training to freshers and functional personnel. On-the-job training, leadership training sessions, soft-skill grooming sessions and flexible job rotation enhances employee skills. Regular seminars and workshops are conducted on a Pan-India basis. The comprehensive Performance Management System helps map employees' competency gaps and strategic development plans are formulated to bridge the gaps.

The HR activities covered Mining operations and lots of initiatives were taken in the areas of skill development of land-givers and livelihood of the villagers staying in the neighboring mines with the help of KGVK (our CSR wing).