

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		



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UTTAM
STEEL LIMITED

13th
Annual Report
1997-98





BOARD OF DIRECTORS

RAJINDER K. MIGLANI
 RAMESH K. MIGLANI
 Dr. N. S. DATAR
 S. T. PARIKH
 PRAVEEN K. MIGLANI
 V. R. BHAYANA
 S. P. BHANSALI
 Smt. CHANDA KOCHHAR
 M. S. NATARAJAN

CHAIRMAN & MANAGING DIRECTOR

NOMINEE - ICICI
 NOMINEE - LIC

COMPANY SECRETARY
 BHASKAR P. YERUNKAR

BANKERS
 State Bank of India
 Canara Bank
 Credit Agricole Indosuez

REGISTERED OFFICE
 Uttam House,
 69, P.D'Mello Road,
 Mumbai : 400 009.

WORKS
 Khopoli - Pen Road,
 Village - Donvat,
 Tal - Khalapur,
 Dist - Raigad, Maharashtra

SOLICITORS
 Dhru & Co.,
 Natwar Chambers,
 94, Nagindas Master Road,
 Mumbai: 400 023.

AUDITORS:
 M/s. Yogesh B. Mehta,
 Chartered Accountant,
 160, D. N. Road,
 Mumbai : 400 001.

PROCESSING AGENTS:
 Computrade Services P. Ltd.,
 Wakefield House, 2nd Floor,
 11, Sprott Road.
 Ballard Estate, Mumbai 400 038.

BRANCHES:
 39, Okhla Industrial Estate,
 New Delhi : 110 020.

*
 Sagar Estate,
 2, Naresh Chandra Dutta Sarani,
 Calcutta : 700 001.

*
 Frutos Trade Centre,
 2nd Floor, SCRB Road,
 Fancy Bazar, Guwahati : 781 001.

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Uttam Steel Limited

NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Company will be held at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Nariman Point, Mumbai 400020 on Friday, 25th September, 1998 at 11.30 a.m., to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 1998 and the Profit and Loss Account for the year ended on that day and Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ramesh K. Miglani, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Shri Praveen K. Miglani, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri S. P. Bhansali, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors to hold office from the conclusion of this Meeting until conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

To consider and if though fit, pass, with or without modification(s) the following Resolutions:

6. As an ORDINARY RESOLUTION:

"RESOLVED THAT subject to the limits contained in Section 198 & 309 of the Companies Act, 1956 read

with Schedule XIII and other applicable provisions of the Companies Act 1956, Shri Rajinder K. Miglani, be and is hereby re-appointed as Managing Director of the Company w.e.f. 31st December 1998 till 30th December 2003 and he be paid such remuneration as may be determined by the Board of Directors from time to time within the maximum limits specified below:

- a) - A maximum of Rs.25 lacs per annum by way of salary, performance-linked incentive or bonus (hereinafter referred to as "remuneration")
- b) In addition to the above remuneration, the Managing Director shall also be entitled to:
 - i. Perquisites like rent free furnished accommodation or house rent allowance in case he is occupying premises of his own, gas, electricity, water, furnishings, leave travel concession for self and family, club fees, medical insurance, interest subsidy on housing loans, annual fees for professional bodies, and other benefits, etc. in accordance with the rules of the Company, such perquisites being restricted to Rs.25 lacs per annum.
 - ii. Participation to employee stock option scheme as may be evolved by the Company from time to time.
 - iii. Medical benefits for self and family : reimbursement of expenses actually incurred for self and family.
 - iv. Company's contribution to Provident Fund and Superannuation Fund in accordance with the rules of the Company.
 - v. Gratuity : Half month's salary for each completed year of service.



- vi. Free use of car with driver for the business of the Company and free telephone facility at residence.
- vii. Earned Leave: On full pay and allowances as per rules of the Company.
- c) The above remuneration payable to him shall be subject to the limits of 5% and 10% of the Net Profits of the Company, as the case may be as laid down in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and the overall limit of 11% of the Net Profits of the Company as laid down in Section 198(1) of the said Act.
- d) He shall also be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company.
- e) The Board of the directors may, in their discretion, pay to the Managing Director, higher/lower remuneration than the maximum remuneration hereinbefore stipulated and revise the same from time to time, within the maximum limits stipulated by this resolution."

Date : August 20, 1998 By Order of the Board,

Registered Office :
Uttam House
69, P.D' Mello Road,
MUMBAI 400009.

BHASKAR P. YERUNKAR
COMPANY SECRETARY

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ALSO TO ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXIES NEED NOT BE MEMBERS. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Register of Members and Share Transfer Books of the Company shall remain closed from 16th September, 1998 to 25th September 1998 (both days inclusive).
3. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their questions to the Company Secretary, so as to reach him at least seven days before the date of the meeting.
4. Members/Proxies attending the Meeting are requested to bring the Attendance Slip sent herewith duly filled-in and also their copies of the Annual Report.
5. Unclaimed Dividend for the Financial Year 1993-94 has been transferred to the General Revenue A/c of the Central Government on 4th September 1997, in terms of Section 205A(5) of the Companies Act, 1956. Members may submit their claims to Registrar of Companies, Maharashtra, Hakoba Compound, 2nd Floor, Kalachowki, Mumbai 400 033.

Uttam Steel Limited

Unclaimed Dividend for subsequent Financial Years are due for transfer to the General Revenue A/c as under:

Financial Year	Due Date for Transfer
1994-95	6th October, 1998
1995-96	26th October, 1999
1996-97	16th November, 2000

Those who have not claimed Dividend for the aforesaid years are advised to do so at the earliest.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 6

At the Annual General Meeting held on 2nd July 1994, the Shareholders had approved reappointment of Shri Rajinder K. Miglani as Managing Director of the Company and payment of remuneration in

accordance with the terms and conditions set out in the resolution passed at that meeting.

Under the provisions of the Companies Act 1956, the Government has allowed payment of managerial remuneration without any restriction on the nature or quantum of remuneration as long as such remuneration is within 5% or 10% of the net profits of the Company as provided in Section 309 of the Companies Act, 1956. The recent years have witnessed a substantial transformation of the remuneration package for experienced professionals and it is therefore proposed to fix the Remuneration Package payable to Shri Rajinder K. Miglani, within the maximum limits.

Shri Rajinder K. Miglani is interested or concerned in this Resolution as recipient of remuneration for his reappointment. Shri Ramesh K. Miglani, Shri Praveen K. Miglani and Shri V.R. Bhayana are relatives of Shri Rajinder K. Miglani. None of the others Directors are in any way concerned or interested in this Resolution.

The Board commends the Resolution.



DIRECTORS' REPORT

To,
The Members,

Your Directors are glad to present the Thirteenth Annual Report on the Business and Operations of the Company, alongwith the Audited Statement of Accounts for the Financial Year ended 31st March 1998.

1. FINANCIAL RESULTS:

PARTICULARS	Current Year 1997-98 (Rs. in crores)	Previous Year 1996-97 (Rs. in crores)
Sales & Other Income	444.08	413.66
Gross Profit before Depreciation and Interest	43.24	46.66
Less : Interest	15.06	12.14
Less : Depreciation	13.04	9.73
Profit before Tax	15.13	24.79
Less : Provision for Tax	1.70	3.20
Add: Balance carried from earlier year	5.67	9.36
Balance which the Directors have appropriated as under:	19.10	30.94
• Proposed Dividend on Equity Shares	Nil	4.79
• Tax on Dividend	Nil	0.48
• Transfer to General Reserve	3.00	3.00
• Debenture Redemption Reserve	(1.13)	17.00
Total Appropriations	1.88	25.27
Balance carried to Balance Sheet	17.23	5.67

2. DIVIDEND:

Your Directors, after careful consideration, have decided to skip Dividend this year in order to conserve the resources to meet Business exigencies in future in the light of the slowdown in the economy.

3. TURNOVER AND OPERATIONS:

The Total Income of the Company grew by 7.35% to Rs.444.08 crores.

During the period under review, the CR Mill III and Balancing Equipments Project were commissioned. As a result, there was increase in the provisions for depreciation and interest, amounting to Rs.3.31 crores and Rs.2.93 crores.

Although the plants of your company operated at over 80% utilisation of capacity due to slack economy, the margins were squeezed, resulting in reduction in profitability.

Uttam Steel Limited

4 EXPANSION:

During the year, Assets valued at Rs.125.79 crores were put to operation. The effects of the Expansion Projects will be reflected in latter half of 1998-99.

5. FINANCE:

Long Term requirements of the Company have been tied up with Financial Institutions led by ICICI Ltd.

Working Capital requirements of the Company are being satisfactorily provided by Consortium of Banks led by State Bank of India, with Canara Bank and Credit Agricole Indosuez as other members.

6. EXPORTS:

Your Company has achieved an export turnover of Rs.43.85 crores during 1997-98. Your management expects an export turnover of app. Rs.100.00 crores in the current year.

7. OUTLOOK:

The Steel market the world over has been depressed for the last two years with the result, bottomlines of all Steel Companies are being eroded to a considerable extent.

8. DIRECTORS:

ICICI have appointed Smt. Chanda D. Kochhar, General Manager in place of Shri D. A. Dadachanji. LIC have also appointed Shri M. S. Natarajan as their Nominee on the Board.

Shri O. P. Ahuja and Shri S. P. Chhibber have resigned from the Board.

Your Directors place on record their appreciation of substantially useful contributions of Shri D. A. Dadachanji, Shri O. P. Ahuja and Shri S. P. Chhibber in their respective counselling roles.

The present term of Shri Rajinder K. Miglani, Chairman & Managing Director, expires on 30th December 1998. The Board has recommended his re-appointment for additional 5 years with effect from 31st December 1998 until 30th December 2003. The main terms and conditions of re-appointment and remuneration are detailed in the Notice convening the AGM. Members are requested to give their consent to the same.

Shri Ramesh K. Miglani, Shri Praveen K. Miglani and Shri S. P. Bhansali retire by rotation and being eligible, offer themselves for re-appointment. You are requested to re-elect them.

9. HUMAN RESOURCES:

Your Directors appreciate valuable contribution of Employees at all levels. Industrial Relations remained cordial during the year.



10. INSURANCE:

The Assets of the Company have been adequately insured.

11. DISCLOSURES:

Particulars regarding Conservation of Energy, Technology Absorption etc. pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 are set out in a Statement annexed to this Report, forming its part.

The provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 are inapplicable to the Company.

12. SHAREHOLDERS' PLANT VISIT:

The Company had organised a Plant Visit of Shareholders on January 31st, 1998. The Shareholders were updated about working of the Plant.

13. AUDITORS:

You are requested to appoint the Auditors for the current year to hold office from the conclusion of the ensuing AGM till conclusion of next AGM.

14. ACKNOWLEDGEMENT:

Your Directors sincerely thank Officials of the Central and State Governments, Financial Institutions and Banks for their continued support and co-operation.

Your Board is also thankful to John Lysaght International Holdings (a Division of BHP) and Flat Products (I) Ltd. for their technical support.

Date : August 20, 1998

Place : Mumbai

RAJINDER K. MIGLANI
CHAIRMAN & MANAGING DIRECTOR

Uttam Steel Limited

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(i)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1998.

	Current Year (12 months)	Previous Year (12 months)
A. Power and Fuel Consumption		
1. Electricity (Purchased)		
a. CGL Unit		
Unit (KWH)	3717002	3740947
Total Amount (Rs. In lacs)	144.49	139.77
Rate/Unit (Rs.)	3.89	3.73
b. CRM Unit		
Unit (KWH)	25953238	19798454
Total Amount (Rs. In lacs)	10109.31	736.58
Rate/Unit (Rs.)	3.89	3.73
2. Coal	-	-
3. Furnace Oil	-	-
4. Others		
a. HSD, LDO		
Qty. (KL)	2596.000	2234.940
Total Amount (Rs. In lacs)	240.40	178.37
Avg. Rate (Per Litre - Rs.)	9.26	7.98
b. LPG		
Qty. (KL)	699.170	649.610
Total Amount (Rs. In lacs)	116.36	107.95
Avg. Rate (Per Litre - Rs.)	16.64	16.62
B. Consumption per Unit of Production:		
Product:		
a. Galvanised Plain/Corrugated		
Sheets/Coils (MT)	48232	42511
Electricity (KWH)	77.06	88.00
b. Cold Rolled Sheets/Strips (Units MT)		
Electricity (KWH)		
Coal	131503	100683
Others	197.36	191.76
(a) HSD (LDO) (KL)	0.020	0.016
(b) LPG (KL) (on GP/GC Only)	0.015	0.015