



UTTAM
STEEL LIMITED

**14th
Annual Report
1998-99**



BOARD OF DIRECTORS

RAJINDER K. MIGLANI
RAMESH K. MIGLANI
PRAVEEN K. MIGLANI
Dr. N.S. DATAR
S.T. PARIKH
VIPIN RAI BHAYANA
S.P. BHANSALI
Smt. CHANDA KOCHHAR
M.S. NATARAJAN
P.G. KAKODKAR

CHAIRMAN & MANAGING DIRECTOR
DIRECTOR

NOMINEE ICICI
NOMINEE LIC
w.e.f. 30.04.99

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.

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

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

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

PROCESSING AGENTS
Mondkar Computers Pvt. Ltd.
21, Shakil Nivas,
Mahakali Caves Road,
Andheri (East),
Mumbai : 400 093.

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 14th Annual General Meeting of the Company will be held at M.C. Ghia Hall, 2nd Floor, 18/20 K. Dubhash Marg, Mumbai 400 001 on 10th September, 1999 at 11.00 a.m., to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 1999 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 Dr N.S. Datar, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Shri Vipin Rai Bhayana, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri S.T. Parikh, 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 thought fit, to pass, with or without modification(s) the following Resolution(s):

6. As an Ordinary Resolution

"RESOLVED THAT Mr. Pandurang Ghanashyam Kakodkar, whose term of Office as an Additional Director of the Company expires at this General Meeting be and is hereby appointed as Director of the Company".

7. As an Ordinary Resolution (Borrowing Power)

"RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, and in supersession of the Resolution passed at the 12th Annual General Meeting of the Company held on 13th September, 1997, Consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum(s) of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up Share Capital of the Company and its Free Reserves, (i.e. Reserves not set apart for any specific purpose), provided that the aggregate of the monies borrowed and to be borrowed and outstanding at any one time shall not exceed Rs.600 Crores".

Date: 31st July, 1999

By Order of the Board

Registered Office:

Uttam House,
69, P.D'Mello Road,
MUMBAI 400 009.

BHASKAR P. YERUNKAR
COMPANY SECRETARY

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ALSO 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 1st September, 1999 to 9th September, 1999 (both days inclusive).
3. The Company has assigned the work of Processing of Share Transfer and allied work to Registrar and Transfer Agents, M/s. Mondkar Computers Pvt. Ltd., Shakil Niwas, Mahakali Caves Road, Andheri (E), MUMBAI 400 093 effective from 1st April, 1999. All queries relating to Share Transfer and allied subjects should be addressed to them.
4. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their queries to the Company Secretary, so as to reach him at least seven days before the date of the meeting.
5. 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.
6. Unclaimed Dividend for the Financial Year 1994-95 has been transferred to the General Revenue A/c of the Central Government on 5th October, 1998.

Members may submit their claims to Registrar of Companies, Maharashtra, Hakoba Compound, 2nd Floor, Kalachowki, MUMBAI 400 033.

Unclaimed Dividend for 1995-96 and 1996-97 will be transferred to Investor Education and Protection Fund each on 26th October, 2001 and 16th November, 2002 respectively.

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ANNEXURE TO THE NOTICE**Explanatory Statement in respect of Special Business as required under Section 173(2) of the Company Act, 1956.****ITEM NO. 6**

Mr. P.G. Kakodkar was appointed as Additional Director of the Company in the Board Meeting held on 30th April, 1999 and in terms of Section 260 of the Companies Act, 1956 read with Article 19, holds office upto the date of 14th AGM.

Mr. P.G. Kakodkar, Ex-Chairman of State Bank of India has a wide and varied experience in Industrial Finance. His association with the Company will be very beneficial to the Company.

The Company has received Notice(s) in writing from members under Section 257 of the Companies Act, 1956, proposing his candidature for electing him as Director.

Your Board commends the Resolution.

ITEM NO. 7

The Shareholders have extended their approval to the Board to borrow monies upto a limit of Rs.425 Crores in terms of Section 293(1)(d) of the Companies Act, 1956 by passing an Ordinary Resolution in the 12th Annual General Meeting held on 13th September, 1997. The Company's outstanding borrowings as on 30th June, 1999 amounts to Rs.400 Crores.

The activities of the Company have greatly increased since then. Hence, it is advisable to increase the borrowing limit upto Rs.600 Crores.

The sanction of Shareholders is solicited to permit the Board to borrow monies in excess of the Company's paid up capital and free reserves, accordingly.

None of the Directors, are in any way, concerned and/or interested in the Resolution.

Your Board recommends the Resolution.

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DIRECTORS' REPORT

To,
The Members,

Your Directors are pleased to present the Fourteenth Annual Report alongwith Audited Statement of Accounts for the Financial Year ended 31st March, 1999, on the Business and Operations of the Company.

1. FINANCIAL RESULTS:

PARTICULARS	Current Year 1998-99 (Rs. in crores)	Previous Year 1997-98 (Rs. in crores)
Sales & Other Income	424.61	444.76
Gross Profit before Depreciation and Interest	44.88	43.90
Less: Interest	28.08	15.73
Less: Depreciation	15.67	13.04
Profit before Tax	1.13	15.13
Less: Provision for Tax	0.15	1.70
Add: Balance carried from earlier year	17.23	5.67
Balance which the Directors have appropriated as under:	18.20	19.10
• Proposed Dividend on Equity Shares	Nil	Nil
• Tax on Dividend	Nil	Nil
• Debits Pertaining to Prior Years	6.89	Nil
• Transfer to General Reserve	1.25	3.00
• Debenture Redemption Reserve	(1.25)	(1.13)
Total Appropriations	6.89	1.89
Balance carried to Balance Sheet	11.31	17.23

2. DIVIDEND:

The slow down in the economy is not materially different than last two years. Your Directors have therefore fallen in line with the decision to skip the Dividend this year as well.

3. TURNOVER AND OPERATIONS:

The total turnover has marginally declined by 5%. It will be clear that this decline is due to a fall of over 50% in the sale of Hot Rolled Coil, arisings and rejects. In physical terms, the production and sales of both Cold Rolled Coils and Galvanised products have registered a handsome rise because during the year under review, all the Expansion Projects have been successfully completed.

Your Directors are happy to inform you that the quality of the products has been widely acclaimed, both in domestic and international markets. However, this increases is not translated in higher profits due to difficult business environments and general economic slowdown and more so in the Steel Industry. During the year under review, the margins were constantly under pressure.

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4. Y2K COMPLIANCE:

Your Company is taking necessary steps to ensure Y2K compliance. Two separate teams have been created at Head Office and Works to achieve Y2K compliance.

A complete list of equipment covering all machines, computer hardware and software which include(s) all packages and business application systems has been created. For each of these, tests have been carried out to validate Y2K compliance. Wherever, non-compliance has been identified, corrective action has been taken to either correct, upgrade or replace the system/software so as to achieve compliance. All major systems/software are already Y2K compliant.

Complete Y2K compliance will be achieved not later than 30th September, 1999. The vulnerability from external sources is being minimised by discussion with our key business partners to ensure their Y2K readiness.

While your Company does not anticipate any difficulty, contingency plans are in the process of being drawn up for any disruption. Your Company has thus taken necessary precaution and expects a smooth transition to the next millennium.

5. EXPORTS:

The export earnings have gone up by 30% to Rs.56.93 Crores.

Your Company was honoured with Regional Export Excellence Award for the Year 1997-98 on July 21, 1999 at the hands of Secretary, Department of Commerce and Trade, Government of India.

6. ISO 9002:

During the year under review, your Company has received a Certificate of Approval under ISO 9002 for quality management for its continuous Galvanising Line at Khalapur.

7. EXPANSION:

During the year, Assets valued at Rs.125.78 crores were freshly put in the operations. The effect of the Expansion Projects has actually been in Last Quarter of this fiscal. This could be further and largely evident from Second Quarter of 1999-2000.

8. FINANCE:

As reported last year, long term requirements of the Company have been tied up with Financial Institution lead by ICICI Limited.

The Company's Working Capital requirements continue to be satisfactorily provided on a consortium basis by State Bank of India, Canara Bank, Credit Agricole Indosuez.

9. OUTLOOK:

Steel market in the entire Globe continues to be haunted by disappointing depression. The fiscal year under review did not witness any improvement. All Steel Companies are under great stress in respect of bottom line performance.

10. DIRECTORS:

Mr. P.G. Kakodkar, Ex-Chairman of State Bank of India was invited to join the Board, in view of his wide



and varied expertise in Industrial and Financial spheres. His appointment was formalised by your Directors in April, 1999. His association is expected to provide valuable inputs in the decision(s) of your Board.

Dr. N.S. Datar, Shri Vipin Rai Bhayana, Shri S.T. Parikh retire by rotation and being eligible, offer themselves for re-appointment. Your Board recommends their re-election.

11. HUMAN RESOURCES:

Your Directors highly appreciate the value of Human Resources. In order to impart inputs of competitive environment to the employees at higher and middle level; your Company has recently introduced the Training Process to cover all the employees eventually.

12. INSURANCE:

The Assets of the Company are adequately insured.

13. LISTING:

The Equity Shares of your Company are listed at Mumbai, Ahmedabad, New Delhi and Calcutta Stock Exchanges besides National Stock Exchange, Mumbai and applicable Listing fees have been paid upto date.

14. 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.

15. 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.

16. ACKNOWLEDGMENT:

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.

On behalf of the Board

Date: 31st July, 1999
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, 1999.

	Current Year (12 months)	Previous Year (12 months)
A. Power and Fuel Consumption		
1. Electricity (Purchased)		
a. CGL Unit		
Unit (KWH)	7289257	3717002
Total Amount (Rs. in Lacs)	297.90	144.49
Rate/Unit (Rs.)	4.08	3.89
b. CRM Unit		
Unit (KWH)	34684209	25953238
Total Amount (Rs. in Lacs)	1360.12	10109.31
Rate/Unit (Rs.)	—	3.89
2. Coal	—	—
3. Furnace Oil	—	—
4. Others		
a. HSD, LDO		
Qty. (KL)	4106.52	2596.000
Total Amount (Rs. in Lacs)	386.22	240.40
Avg. Rate (Per Litre - Rs.)	9.41	9.26
b. LPG		
Qty. (KL)	978.71	699.170
Total Amount (Rs. in Lacs)	113.61	116.36
Avg. Rate (Per Litre - Rs.)	11.61	16.64
B. Consumption per Unit of Production:		
Product:		
a. Galvanised Plain/Corrugated		
Sheets/Coils (MT)	84277	48232
Electricity (KWH)	86.49	77.06
b. Cold Rolled		
Sheets/Strips (Units MT)	167969	131503
Electricity (KWH)	206.49	197.36
Coal	—	—
Others		
a. HSD (LDO) (KL)	0.016	0.020
b. LPG (KL) (on GP/GC Only)	0.012	0.015

**C. TECHNOLOGY ABSORPTION:**

The Company has fully absorbed the technology.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rupees in Lacs)

	Current Year (For 12 Months)	Previous Year (For 12 Months)
EARNINGS (FOB Value)		
1. Exports	5693.13	4023.49
OUTGO (C&F/CIF Value)		
1. Raw Material Imported	4890.45	20493.16
2. Import of Plant & Machinery	—	75.18
3. Stores and Spares	217.38	258.83
4. Expenditure on Travelling	9.89	10.03

On behalf of the Board

Date: 31st July, 1999
Place: Mumbai

RAJINDER K. MIGLANI
CHAIRMAN & MANAGING DIRECTOR