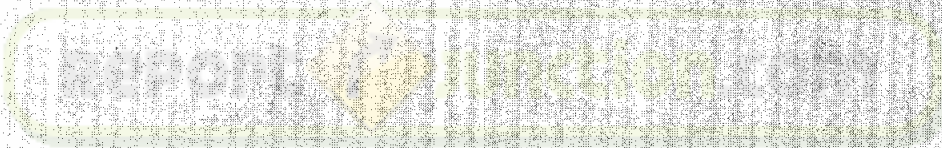




UTTAM

GALVA STEELS LIMITED



**17th
Annual Report
2001-2002**

**BOARD OF DIRECTORS**

MR. RAJINDER MIGLANI	:	CHAIRMAN & MANAGING DIRECTOR
MR. RAMESH MIGLANI	:	DIRECTOR
MR. PRAVEEN MIGLANI	:	DIRECTOR
MR. P. G. KAKODKAR	:	DIRECTOR
MR. S. T. PARIKH	:	DIRECTOR
DR. N. S. DATAR	:	DIRECTOR
MR. M. S. NATARAJAN	:	DIRECTOR (NOMINEE - LIC)
MR. N. M. AMBADE	:	DIRECTOR (NOMINEE - IDBI)
MR. ANUJ MIGLANI	:	DY. MANAGING DIRECTOR & COO

REGISTERED & CORPORATE OFFICE

UTTAM HOUSE,
69, P. D'MELLO ROAD,
MUMBAI : 400 009.

BRANCHES

39, OKHLA INDUSTRIAL ESTATE,
NEW DELHI : 110 020.

FRUTOS TRADE CENTRE,
SCRB ROAD, FANCY BAZAR,
GUWAHATI : 781 001.

BUILDING NO. SC-1,
KOHINOOR CASTLE,
FINAL PLOT NO.12,
MULLA ROAD, SANGAMWADI,
MUMBAI - PUNE ROAD,
PUNE : 411 003.

WORKS

KHOPOLI - PEN ROAD,
VILLAGE - DONVAT,
TALUKA - KHALAPUR,
DIST - RAIGAD,
MAHARASHTRA.

KHOPOLI - PALI ROAD,
VILLAGE - DAHIVALI,
TALUKA - KHALAPUR,
DIST - RAIGAD,
MAHARASHTRA.

CHIEF GENERAL MANAGER (LEGAL) & COMPANY SECRETARY

RAJENDRA KUMAR HARAN

AUDITORS

MR. YOGESH B MEHTA
CHARTERED ACCOUNTANT
401/402, NAND PREM SHOPPING CENTRE,
JUNCTION OF NEHRU ROAD & M G ROAD,
VILE PARLE (E),
MUMBAI : 400 057.

BANKERS

STATE BANK OF INDIA
CANARA BANK

REGISTRAR & SHARE TRANSFER AGENT

MONDKAR COMPUTERS PVT. LTD.,
(UNIT : UGSL)
21, SHAKIL NIWAS,
MAHAKALI CAVES ROAD,
ANDHERI (EAST),
MUMBAI : 400 093.

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Uttam Galva Steels Limited**5 YEARS' HIGHLIGHTS**

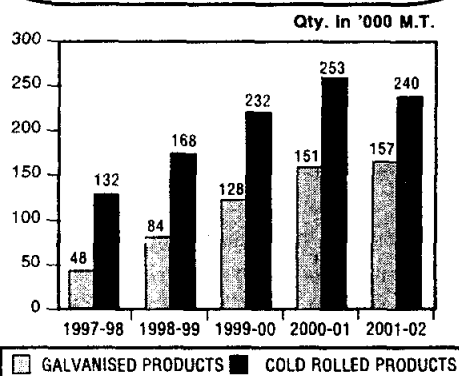
	2001-02	2000-01	1999-00	1998-99	1997-98
SALES & EARNINGS					
	(Rs in Crores)				
Sales	572.88	647.73	569.09	419.99	432.83
Other Income	0.73	0.92	1.74	0.98	5.41
Total Income	573.61	648.65	570.83	420.97	438.24
Less : Central Excise Duty	45.56	55.08	49.51	51.02	35.80
Less : Selling & Distribution Expenses	17.85	14.85	8.46	2.01	1.49
Sales And Other Income (Effective)	510.20	578.72	512.86	367.94	400.95
Material Cost (Incl. Stock Variation)	404.11	465.43	398.64	266.43	315.56
Other Expenditure	65.51	69.96	54.82	50.01	35.66
PBIDT	40.58	43.33	59.40	51.50	49.73
Interest	34.05	55.00	68.17	34.69	21.56
Profit Before Depreciation & Tax(PBDT)	6.53	(11.67)	(8.77)	16.80	28.17
Depreciation	27.42	26.96	24.11	15.67	13.04
Profit Before Tax	(20.89)	(38.62)	(32.88)	1.13	15.13
Profit After Tax	(20.89)	(38.62)	(32.88)	0.98	13.43
Dividend	0.00	0.00	0.00	0.00	0.00
Retained Earnings	(20.89)	(38.62)	(32.88)	0.98	13.43
Cash Accruals	6.53	(11.67)	(8.77)	16.65	26.47
ASSETS & LIABILITIES					
Fixed Assets : Gross	570.65	562.28	558.45	535.42	411.17
: Net	421.48	440.40	458.48	464.47	355.86
Total Assets : Net	470.14	495.34	513.94	510.69	456.97
REPRESENTED BY					
Net Worth	111.57	129.72	117.49	156.72	161.99
Share Capital	72.41	53.23	39.73	39.73	39.68
Share Application Money		35.62			
Reserves	63.37	47.62	86.23	119.37	125.24
Borrowings	358.56	365.62	396.44	353.96	294.98
Long Term	313.21	317.85	358.41	313.20	249.10
Short Term	45.35	47.77	38.04	40.76	45.88
Total Funds	470.14	495.34	513.94	510.69	456.97
RATIOS					
Earning Per Equity Share Rs.....	(3.12)	(7.26)	(8.27)	0.25	3.36
Book Value Per Equity Share Rs	20.25	18.95	31.70	40.04	41.31
Debt: Equity Ratio @	2.31:1	2.33 : 1	2.85 : 1	1.97 : 1	1.51 : 1
@ On Long Term Borrowings.					

Sales above is net of freight outward.

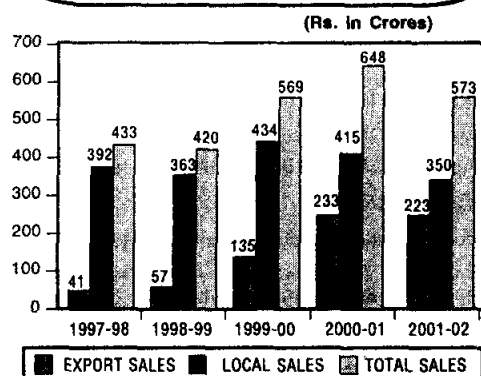


5 YEARS' HIGHLIGHTS

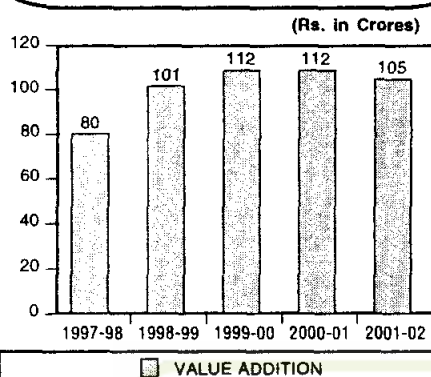
PRODUCTION



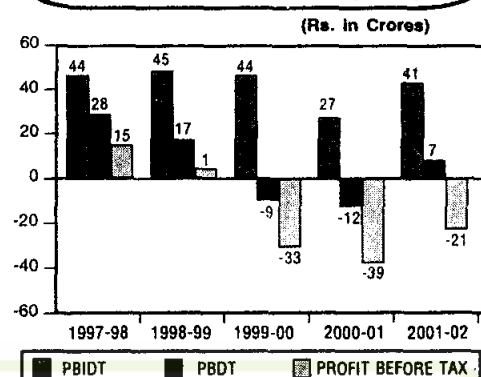
TOTAL SALES



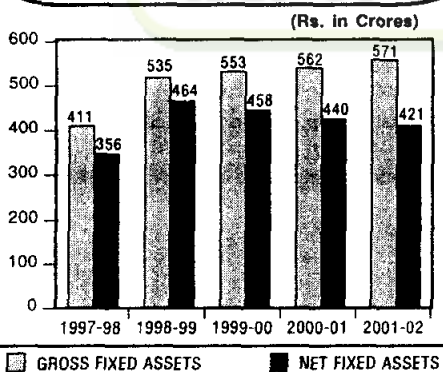
VALUE ADDITION



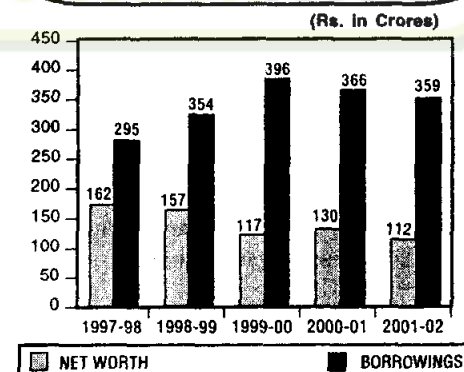
PBIDT/PBDT/PROFIT BEFORE TAX



FIXED ASSETS



NETWORTH AND BORROWINGS



Uttam Galva Steels Limited**NOTICE**

NOTICE is hereby given that the 17th ANNUAL GENERAL MEETING of the Members of the Company will be held on Saturday, the 21st September, 2002 at 11.00 A.M. at M. C. Ghia Hall, 18/20, K. Dubhash Marg, Mumbai 400 001 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Profit & Loss Account for the Financial Year ended 31st March, 2002 and the Balance Sheet as at that date and Reports of the Board of Directors and the Auditor thereon.
2. To appoint a Director in place of Shri S.T. Parikh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Praveen Miglani, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Mr. Yogesh B Mehta, Chartered Accountant, the retiring Auditor of the Company, be and is hereby re-appointed as Auditor of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration and reimbursement of out of pocket expenses as may be decided by the Board of Directors of the Company."

By Order of the Board of Directors

Rajendra Kumar Haran
Chief General Manager (Legal) &
Company Secretary

Registered Office :
Uttam House,
69, P.D'Mello Road,
Mumbai - 400 009.

Date : 16th July, 2002.

NOTES :

1. A MEMEBR ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ALSO ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY(IES), IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Explanatory Statement under section 173(2) of the Companies Act, 1956 in respect of item no. 4 of the Notice is enclosed herewith.
3. Register of Members and Share Transfer Books of the Company shall remain closed from 1st September, 2002 to 20th September, 2002 (both days inclusive).
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/Proxy(ies) attending the Meeting are requested to bring their Attendance Slip, sent herewith, duly filed in and also their copies of the Annual Report.
6. The Company's shares are listed on Stock Exchanges at Mumbai, Delhi, Kolkata & Ahmedabad and at National Stock Exchange, Mumbai.
7. All queries relating to share transfer and allied subjects should be addressed to :
Mondkar Computers Private Limited,
(Unit : UGSL)
21, Shakil Niwas, Opp. Saibaba Mandir,
Mahakali Caves Road, Andheri (East),
Mumbai 400 093.



EXPLANATORY STATEMENT

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

The following Explanatory Statement sets out all the material facts relating to the Special Business under Item No. 4 of the accompanying Notice dated 16th July, 2002.

In respect of Item No. 4

Pursuant to Section 224A of the Companies Act, 1956, in the case of a Company in which not less than 25% of the Subscribed Share Capital is held, whether singly or in combination, by -

- (a) a public financial institution or a Government Company or Central Government or any State Government, or
- (b) any financial or other institution established by any Provincial or State Act in which a State Government holds not less than fifty one percent of the Subscribed Share Capital, or
- (c) a nationalised bank or an insurance company carrying on general insurance business, the appointment or re-appointment at each Annual General Meeting of an auditor or auditors shall be made by a Special Resolution.

The holding of the Public Financial Institutions, Nationalised Banks, Insurance Companies etc. in the Subscribed Share Capital of the Company stands at above 25% and hence the re-appointment of Mr. Yogesh B. Mehta, Chartered Accountant as Auditor of the Company is required to be made by a Special Resolution.

The Board of Directors recommends the passing of a Special Resolution given at Item No. 4 of the Notice.

None of the Directors of the Company is, in any way, concerned or interested in the said Special Resolution.

By Order of the Board of Directors

Rajendra Kumar Haran
Chief General Manager (Legal) &
Company Secretary

Registered Office :
Uttam House,
69, P.D'Mello Road,
Mumbai - 400 009.

Date : 16th July, 2002.

Report  junction.com

Uttam Galva Steels Limited**DIRECTORS' REPORT**

To,
The Members,

Your Directors have pleasure to present Seventeenth Annual Report on the Business and Operations of the Company, along with the Audited Statement of Accounts for the Financial Year ended 31st March, 2002.

1. FINANCIAL RESULTS :

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	2001-2002 (Rs.in Crores)	2000 -2001 (Rs. in Crores)
Sales & Other Income	573.61	648.65
Gross Profit before Depreciation and Interest	40.58	43.33
Less : Interest & Financial Charges	34.05	35.87
Interest (convertible in Shares/Bonds)	NIL	19.13
Cash Profit/ (Loss)	6.53	(11.67)
Less : Depreciation	27.42	26.96
Profit / (Loss) before Tax	(20.89)	(38.63)
Less : Provision for Tax	NIL	NIL
Add : Balance Carried from earlier year	1.60	0.17
Balance with the Directors have appropriated as under :-	(19.28)	(38.46)
Proposed Dividend on Equity Shares	NIL	NIL
Tax on Dividend	NIL	NIL
Credits/(Debits) Pertaining to Prior Years	NIL	0.02
Transfers from General Reserves	NIL	1.35
Transfer from Debenture Redemption Reserves	NIL	36.00
Transfer from Inv. Allowances (utilised) Reserves	NIL	2.70
Total appropriations	NIL	40.07
Balance Carried to Balance Sheet	(19.28)	1.60

Note : The figures of the previous year have been re-grouped to bring these in line with this years figures, wherever required.

2. OPERATIONS :

Your Company has a lower turnover of Rs.573.61 crores i.e. decrease by 11.56 % over the previous year due to continued low price realisation. The gross profits of Rs. 40.58 crores is marginally lower than previous year. The interest and financial cost has gone down marginally from Rs. 35.87 crores to Rs. 34.05 crores. Your Company is able to control its processing cost but sales realisations per ton have been lowered compared to previous year due to excessive supply and lower demand in the market. The cost of raw material was also higher during the year under review.

In view of loss incurred by the Company, the Board regrets not to recommend any dividend.

3. EXPORTS :

The gross export turnover was marginally lower at Rs.239.18 crores compared to Rs.247.41 crores during the previous year due to the continued low price realisation. However, export sales volume was higher during the year under review.

4. MANAGEMENT DISCUSSION AND ANALYSIS :

Pursuant to Clause 49 (V) (A) & (B) of the Listing Agreement your Directors wish to report as follows:

a. Industry Structure and Development

The Industry is turning the corner. Capacity, Production and Demand are slowly increasing. However, the outcome is to be observed keenly in future.

b. Opportunities and Threats

Opportunities are plenty, however judicious decisions are required to be taken by each Company as may be individually beneficial. As such there are no threats to the industry, however over capacity could be a potential threat in long run, as the demand may not rise continuously.

c. Segment - wise or Product - wise Performance

Segment wise or product wise analysis of performance is not applicable to your Company under Accounting Standard 17.

d. Outlook

The Steel Industry for the sixth consecutive year 2001-02 continued to pass through difficult conditions characterised by high raw material cost, sluggish demand, cut-throat competition, new capacity creation and growing imports at reduced tariffs. The year perhaps marked the bottoming of Steel Industry worldwide, which inevitably resulted in severe pressure on margins. Your Company was not an exception to these general phenomena and its performance too was adversely affected.

However, the Steel industry has probably touched its bottom and some positive improvements are seen in the industry benefiting the manufacturers. We, being the processors will continue to face the pressures of high cost of raw materials and low price of finished products for atleast 6 to 8 months period during the current financial year. Your Directors are optimistic that the Company will also be experiencing the improved performance during the later part of the current financial year. The future of the Steel Processing Industry will always remain good.

e. Risks and Concerns

Main risk to the Steel Industry and the Company is nothing but the market conditions. Additionally, risks related to inventories, foreign exchange, financial cost, insurance are being managed efficiently by the management.

f. Internal Control Systems and their adequacy

Your Company has established adequate internal control systems and is having regular internal audit mechanism to monitor the same under the overall control and supervision of the Internal Auditor and the Audit Committee of Directors. However, these systems are being improvised constantly.

g. Discussion on Financial Performance with respect to Operational Performance

The financial performance with respect to the operational performance during the year under review was satisfactory. However better financial performance could have been possible, if the price realisation of the products were better and the financial cost was low.

h. Material Development in Human Resources/Industrial Relations Front, including Number of People Employed

Your Company is constantly endeavoring to introduce Human Resources Development activities and induction of professional manpower. Presently, your Company is employing more than 550 employees in addition to the substantial numbers of contractual workmen. Your Company has excellent industrial relations.

i. Material Financial and Commercial Transactions :

There are no materially significant financial and commercial transactions with the related parties viz. Promoters, Directors or the Management, their Companies / firms or relatives conflicting with the interest of the Company. The Promoters and the Directors are not dealing in the Shares of the Company.

5. CORPORATE GOVERNANCE :

Your Company has been very active in introduction and implementation of corporate governance. However in compliance of the requirement of Clause 49 of the Listing Agreement, which has become applicable to the Company w.e.f. 31st March, 2002, your Company has taken all the mandatory steps. A detailed report on Corporate Governance along with a certificate from the Auditors confirming the compliance is annexed hereto (Annexure-III) and forms part of the Directors' Report.

6. AUDIT COMMITTEE :

The Audit Committee of Directors has been constituted by your Board on 31st January, 2002 as required under Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement. The said Committee consists of three Non-Executive Independent Directors. The first, second and third meeting of the said Committee took place on 20th April, 2002, 3rd June, 2002 and 16th July, 2002 respectively. The said Committee is discharging its due obligations and responsibilities as required.

7. DIRECTORS :

During the year under review Mr. Nimesh Shah, (Nominee of ICICI), Mr. V N P Nair (Nominee of IDBI), Mr. V R Bhayana and Mr. Ramesh Miglani ceased to be Directors on the Board w.e.f. 15.01.2002, 30.07.2001, 28.04.2001 and 01.01.2002 respectively due to their resignations and Mr. N M Ambade (Nominee of IDBI) and Mr. Anuj Miglani joined the Board on 30.07.2001 and 10.11.2001 respectively and Mr. Sanjay Maheshka (Nominee of ICICI) joined the Board on 15.01.2002 and left the Board on 22.02.2002.

In accordance with the provisions of Sections 255 & 256 of the Companies Act, 1956, Shri S. T. Parikh and Shri Praveen Miglani, retire by rotation and being eligible, offer themselves for re-appointment. The Board of Directors recommends their re-appointment.

Uttam Galva Steels Limited

8. DIRECTORS' RESPONSIBILITY :

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that :

1. In the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate Accounting Policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2002 and of the Profit and Loss Account for the financial year 1st April, 2001 to 31st March, 2002.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
4. the Annual Accounts have been prepared on a going concern basis.

9. AUDITORS :

Notes to the Accounts as referred in the Auditors' Report are self - explanatory and therefore, do not call for any further comments or explanations.

Mr. Yogesh B. Mehta, Chartered Accountant, Statutory Auditor of the Company will retire at the ensuing Annual General Meeting and is eligible for re-appointment. The said Auditor has confirmed that his appointment if made, shall be within the limits of Section 224(1B) of the Companies Act, 1956. The Board of Directors recommends appointment of Mr. Yogesh B. Mehta, Statutory Auditor of the Company and fix his remuneration.

10. FIXED DEPOSITS :

Your Company has not accepted Deposits from Public u/s. 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

11. INSURANCE :

Your Company has taken adequate insurance cover for all its assets.

12. LISTING OF SECURITIES:

Listing of Securities i.e. Equity Shares and Preference Shares issued and allotted pursuant to Restructuring Scheme approved by the Financial Institutions was processed during the year under review. Listing of 70 lacs & 65 lacs Equity Shares allotted to ICICI have been listed on Stock Exchanges at Mumbai, Delhi, Kolkata, Ahmedabad & NSE.

96,42,857 Equity Shares allotted to Promoters Associate Companies and 41,60,500 Equity Shares allotted to Financial Institutions have been listed on Stock Exchanges at Mumbai and Ahmedabad. Listing of the said shares with Exchanges

at Delhi, Kolkata and National Stock Exchange is awaited.

Listing of 12% - 53,68,469 Optionally Cumulative Convertible Redeemable Preference Shares (OCCRPS) of Rs. 10/- each allotted to IDBI has been done on the Ahmedabad Stock Exchange and the listing of the same on the Exchanges at Mumbai, Delhi, Kolkata and National Stock Exchange is awaited.

13. DEMAT OF SECURITIES :

Nearly 51.39% of total Equity Share Capital is held in dematerialised form with NSDL/CDSL.

14. SUSIDIARY COMPANY:

Wholly Owned Subsidiary of the Company namely Uttam Galva Exports Limited was incorporated on 11th March, 2002 and the Certificate of Commencement of Business was issued on 12th April, 2002.

The said Company has not commenced its business during the year under review. The first accounting year of the said Company will end on 31st March, 2003 and hence the requirement under Section 212 of the Companies Act, 1956 regarding attachment of the Annual Accounts of the Subsidiary Company with Annual Accounts of Holding Company for the financial year ended 31st March, 2002 is not required to be complied with.

15. DISCLOSURES :

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto (Annexure - I) and forms part of this report.

Information required to be given pursuant to the provisions of Section 217(2A), of the Companies Act, 1956 is annexed hereto (Annexure-II) and forms part of this report.

16. ACKNOWLEDGEMENT :

Your Directors take this opportunity to express their deep sense of gratitude to the Central Government, State Governments and Local Government, Financial Institutions and Banks for their continued support, co-operation and guidance.

At this point your Directors like to place on record their sincere appreciation for the total commitment, dedication and hard work put in by every member of the Uttam Family.

And to you our Shareholders, we are deeply grateful for the confidence and faith that you have always placed in us.

For and on behalf of the Board

Place : Mumbai
Date : 16th July, 2002

Rajinder Miglani
Chairman & Managing Director

ANNEXURES TO THE DIRECTORS' REPORT

ANNEXURE - I

Information pursuant to Section 217(l)(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, 2002.

PARTICULARS	CURRENT YEAR (12 months) (2001-2002)	PREVIOUS YEAR (12 months) (2000-2001)
A. Power and Fuel Consumption		
1A Electricity (Purchased)		
a. CGL Unit		
Unit (KWH)	8910313	6327831
Total Amount (Rs. in Lacs)	363.28	281.69
Rate / Unit (Rs)	4.08	4.45
b. CRM Unit		
Unit (KWH)	43138946	44843565
Total Amount (Rs. in Lacs)	1682.38	1892.42
Rate / Unit (Rs)	3.90	4.22
1B Electricity (D. G Set)		
Unit (KWH)	648882	5068536
Total Amount (Rs. in Lacs)	35.21	234.24
Rate Per Unit (Rs)	5.43	4.62
2 Coal	NIL	NIL
3 Furnace Oil	NIL	NIL
4 Others		
a. HSD / LDO		
Qty. (KL)	4217.667	4540.564
Total Amount (Rs. in Lacs)	518.64	652.70
Avg. Rate (Per Litre Rs.)	12.30	14.37
b. LPG		
Qty. (MT)	3998.716	3801.290
Total Amount (Rs. in Lacs)	675.12	797.15
Avg. Rate (Per Litre Rs.)	16.88	20.97
B Consumption per Unit of Production		
Product :		
a. Galvanised Plain / Corrugated		
Sheets / Coils (MT)	156927	150640
Electricity (KWH)	60.91	75.65
HSD/LDO (KL)	0.008	0.007
LPG (MT)	0.021	0.021
b. Cold Rolled		
Sheets (MT)	240108	252627
Electricity (KWH)	179.66	177.51
HSD (LDO) (KL)	0.012	0.011
LPG (MT)	0.003	0.003
C TECHNOLOGY ABSORPTION :		
The Company has fully absorbed the technology.		
D FOREIGN EXCHANGE EARNINGS AND OUTGO :	(Rs. in Lacs)	(Rs. in Lacs)
EARNINGS (FOB Value)		
Exports	22314.74	23309.15
OUTGO (C&CIF Value)		
1. Raw Materials Imported	10319.59	16240.82
2. Import of Plant & Machinery	—	5.01
3. Import of Stores and Spares	267.52	188.46
4. Expenditure on Travelling	119.85	59.88

