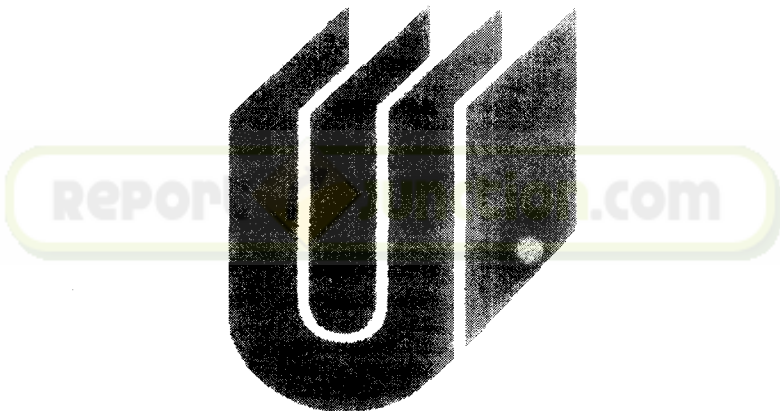




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19th Annual Report 2003-2004

UTTAM GALVA STEELS LIMITED



Uttam Galva Steels Limited**BOARD OF DIRECTORS**

SHRI RAJINDER MIGLANI
 SHRI PRAVEEN MIGLANI
 SHRI P. G. KAKODKAR
 SHRI S. T. PARIKH
 DR. N. S. DATAR
 SHRI M. S. NATARAJAN
 SHRI D. R. JAWAHAR
 SHRI V. PRAKASH
 SHRI ANUJ MIGLANI

CHAIRMAN & MANAGING DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR (NOMINEE – LIC)
 DIRECTOR (NOMINEE – IDBI)
 DIRECTOR (NOMINEE – ICICI BANK LTD)
 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

SAGAR ESTATE, 4TH FLOOR,
 ROOM NO. 4,
 2, NARESH CHANDRA DUTTA SARANI,
 KOLKATA : 700 001

14-A, INDUSTRIAL AREA,
 BULANDSHAHR ROAD,
 GHAZIABAD : 201 001

WORKS

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

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

COMPANY SECRETARY

SHRI RAJENDRA KUMAR HARAN

AUDITOR

SHRI 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
 ICICI BANK LTD.
 PUNJAB NATIONAL BANK
 PUNJAB & MAHARASHTRA CO-OP. BANK LTD.

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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VISION, MISSION AND VALUES OF UTTAM GALVA STEELS LIMITED

VISION

Become the world's favoured
flat steel products brand

Report Junction.com

MISSION

To consistently provide quality steel
products ensuring customer delight

VALUES

Integrity : Honouring all commitments

Value for Time : Business at supersonic speed

Ethics : Ethical business practices
with all stakeholders

Uttam Galva Steels Limited

5 YEARS' HIGHLIGHTS

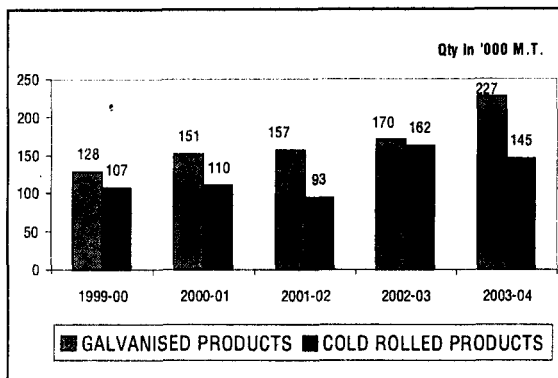
	2003-04	2002-03	2001-02	2000-01	1999-00
SALES & EARNINGS					
(Rs in Millions)					
LOCAL SALES	4784.39	3254.00	3531.86	4190.21	4400.34
EXPORT SALES	7421.10	5279.27	2391.81	2474.12	1441.23
GROSS SALES	12205.49	8533.27	5923.67	6664.33	5841.57
OTHER INCOME	40.09	23.39	7.33	9.19	17.45
TOTAL INCOME	12245.58	8556.66	5930.99	6673.52	5859.02
LESS : CENTRAL EXCISE DUTY	580.22	448.17	455.63	550.76	495.15
LESS : SELLING & DISTRIBUTION EXPENSES	630.33	525.80	373.38	335.52	235.30
SALES AND OTHER INCOME (EFFECTIVE)	11035.03	7582.69	5101.98	5787.24	5128.57
MATERIAL COST (INCL. STOCK VARIATION)	8737.84	5720.99	4041.09	4460.17	3797.40
OTHER EXPENDITURE	1001.16	809.34	655.05	699.61	548.18
PBIDT	1296.03	1052.36	405.83	627.46	783.00
INTEREST & FINANCIAL CHARGES	737.67	671.57	340.53	744.20	870.65
PROFIT BEFORE DEPRECIATION & TAX (PBDT)	558.36	380.79	65.30	(116.73)	(87.65)
DEPRECIATION	304.01	277.81	274.17	269.58	241.10
PROFIT BEFORE TAX	254.35	102.98	(208.87)	(386.31)	(328.75)
PROFIT AFTER TAX	238.75	102.98	(208.87)	(386.31)	(328.75)
DIVIDEND	—	—	—	—	—
RETAINED EARNINGS	238.75	102.98	(208.87)	(386.31)	(328.75)
CASH ACCRUALS	542.76	380.79	65.30	(116.73)	(87.65)
ASSETS & LIABILITIES					
FIXED ASSETS : GROSS	6694.33	6117.25	5706.46	5622.76	5534.53
: NET	4621.64	4347.95	4214.80	4404.01	4584.76
TOTAL ASSETS : NET	5532.85	5000.39	4701.37	4953.41	5139.36
REPRESENTED BY					
NET WORTH	1533.11	1299.82	1115.74	1297.24	1174.93
SHARE CAPITAL	748.96	724.06	724.06	532.34	397.34
SHARE APPLICATION MONEY	0.90	62.75	—	356.22	—
RESERVES	783.25	633.70	633.71	476.18	862.29
BORROWINGS	3999.74	3700.57	3585.62	3656.17	3964.42
LONG TERM - SECURED	3072.96	3042.06	2969.25	2696.76	3032.56
LONG TERM - UNSECURED	163.37	163.37	162.85	481.70	551.50
SHORT TERM	763.41	495.14	453.53	477.71	380.36
TOTAL FUNDS	5532.85	5000.39	4701.37	4953.41	5139.37
RATIOS					
EARNING PER EQUITY SHARE RS.....	3.43	1.44	(3.12)	(7.26)	(8.27)
BOOK VALUE PER EQUITY SHARE RS	22.04	18.45	16.64	17.68	29.57
DEBT: EQUITY RATIO @	2.00:1	2.34:1	2.66 : 1	2.08 : 1	2.58 : 1

@ ON SECURED LONG TERM BORROWINGS

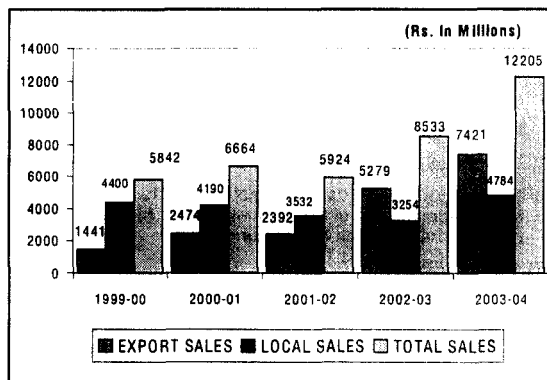


5 YEARS' HIGHLIGHTS

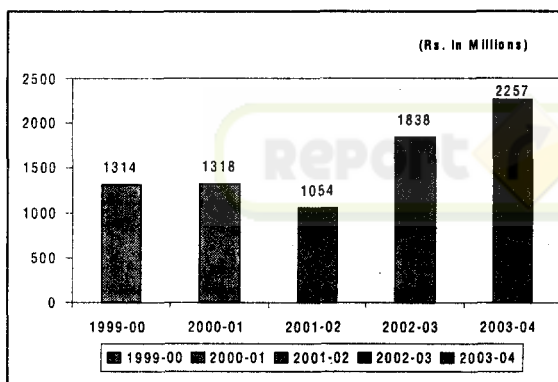
SALEABLE PRODUCTION



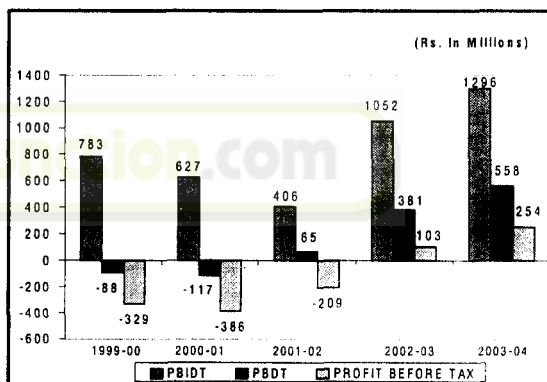
TOTAL SALES



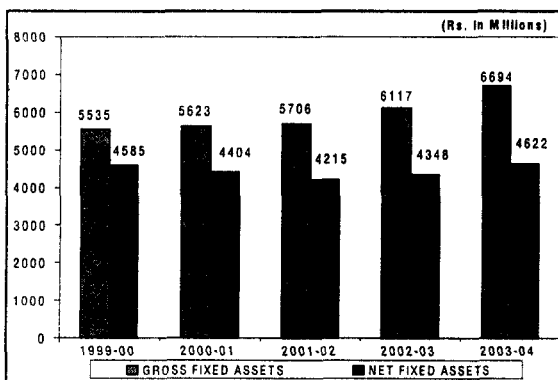
VALUE ADDITION



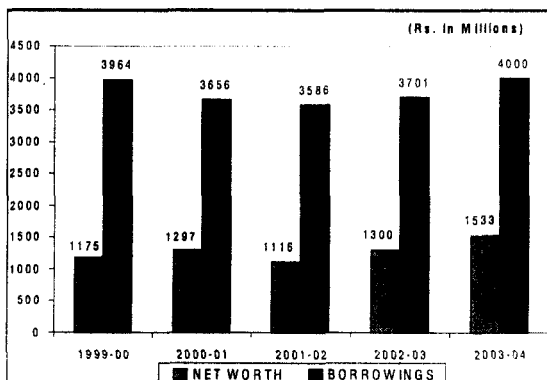
PBIDT/PBDT/PROFIT BEFORE TAX



FIXED ASSETS



NETWORTH AND BORROWINGS



Uttam Galva Steels Limited

NOTICE

NOTICE is hereby given that the 19th ANNUAL GENERAL MEETING of the Members of the Company will be held at 11.00 a.m. on Saturday, the 31st July, 2004 at M. C. Ghia Hall, 18/20, K. Dubhash Marg, Mumbai 400 001 to transact the following business :

ORDINARY BUSINESS :

1. To adopt the Profit & Loss Account for the Financial Year ended 31st March, 2004 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 Praveen Miglani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S T Parikh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint Shri Yogesh B. Mehta, Chartered Accountant as the Statutory Auditor for the Financial Year 2004-2005, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 20th Annual General Meeting and to authorise the Board of Directors to decide his remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution** :

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956; Articles 23, 24 and 25 of the Articles of Association of the Company; and approval of the Central Government, as may be required, Shri Rajinder Miglani be and is hereby re-appointed as Managing Director of the Company for the period of 3 years from 31st December, 2003 to 30th December, 2006 and that he will be entitled to the maximum of the following remuneration and other benefits :

a) Remuneration : -

Rs. 48,00,000/- per annum by way of salary, dearness allowance, perquisites and other allowances.

b) Benefits :-

- i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961,
- ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- iii) Encashment of leave at the end of the tenure,
- vi) Free use of car with driver for the business of the Company and free telephone facility at Residence,
- v) Earned Leave : On full pay and allowances as per rules of the Company and
- vi) Reimbursement of expenses actually and properly incurred by him for the business of the Company."

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution** :

"RESOLVED THAT in partial modification of Special Resolution passed at the Annual General meeting held on 10th November, 2001, and subject to the provisions of Sections 198, 310, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956; Articles of Association of the Company and approval of the Central Government, as may be required, the salary of Shri Anuj Miglani-Dy. Managing Director & Chief Operating Officer is increased from Rs. 75,000/- to 2,00,000/- p.m w.e.f 1st January, 2004 to 9th November, 2006 and that all other terms and conditions of his appointment as Dy. Managing Director & Chief Operating Officer will remain unaltered."

7. 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 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and in accordance with the Memorandum and Articles of Association of the Company and subject to Securities and Exchange Board of India Guidelines on Preferential Issue dated 4th August, 1994 as amended from time to time, SEBI (Disclosure & Investor Protection) Guidelines, 2000, and any other Acts, Rules, Regulations, Notifications, Orders, Directions and Guidelines prevailing from time to time in this regard, if any, as may be applicable and any other approvals including those of the Stock Exchanges where the Company's Equity Shares are listed and also subject to such terms and conditions, stipulations and modifications, if any, required by them while granting such approvals, permissions and sanctions from time to time and which the Board of Directors of the Company ("the Board", which term shall be deemed to include and fully authorized Committee of Directors) is hereby authorized and empowered to accept, the consent of the Company be and is hereby accorded to the Board of Directors, to issue and allot the following Equity Shares to:

- i) The Promoters' Associate Company :

34,76,300 Equity Shares of Rs.10/- each for cash at a maximum premium of Rs.5/- per Equity Share for an aggregate amount of Rs.5,21,44,500/- to Uttam Investments Pvt. Ltd. together with Warrants attached with the said Equity Shares with an option to convert the same into Equity Shares of Rs.10/- each for cash at a maximum premium of Rs.10/- each within a period of 13 months from the date of allotment of the said Equity Shares.



ii) The Strategic Investors :

27,81,000 Equity Shares of Rs. 10/- each for cash at a maximum premium of Rs.5/- per Equity Share for an aggregate amount of Rs.4,17,15,000/- to Shree Global Tradefin Limited, 27,81,000 Equity Shares of Rs. 10/- each for cash at a maximum premium of Rs.5/- per Equity Share for an aggregate amount of Rs. 4,17,15,000/- to Ragini Trading & Investment Ltd. and 13,90,700 Equity Shares of Rs. 10/- each for cash at a maximum premium of Rs.5/- per Equity Share for an aggregate amount of Rs.2,08,60,500/- to M/s. Parmanand Vijay Kumar, a firm, through its partner Shri Vijay Kumar Bhatia.

RESOLVED FURTHER THAT the actual issue price of the above mentioned Equity Shares and Warrants shall be determined on the Relevant Date i.e. 1st July, 2004 in terms of the SEBI Guidelines for Preferential Issue as may be applicable on the 'Relevant Date'.

RESOLVED FURTHER THAT the above mentioned Equity Shares when issued and allotted shall rank pari passu in all respect with the existing Equity Shares.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolutions, the Board of Directors be and is hereby authorized to take all such actions and to give all such directions, or to do all such deeds, matters and things as may be necessary or desirable and to settle any question or difficulty that may arise in regard to the terms of issue and allotment of Equity Shares and to accept any variation, alteration and / or modification as the Board of Directors in its absolute discretion thinks fit and proper and to execute all such deeds, documents and writings as may be necessary and which may be imposed, required or suggested by any statutory or regulatory authority."

By Order of the Board of Directors

Rajendra Kumar Haran
Company Secretary

Registered Office :

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

Date : 5th June, 2004



NOTES :

1. A MEMEBR 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/HERSELF AND THE PROXIES, 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. 5, 6 & 7 of the Notice is enclosed herewith.
3. Register of Members and Share Transier Books of the Company shall remain closed from 16th July, 2004 to 30th July, 2004 (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 Meeting.
5. Members/Proxies attending the Meeting are requested to bring their Attendance Slip, sent herewith, duly filled in and also their copies of the Annual Report.
6. The Company's Shares are listed on Stock Exchanges at Mumbai, Delhi, Kolkata and at National Stock Exchange, Mumbai.
7. Unclaimed dividend for the Financial Year ended 31st March, 1996, has been transferred to Investor Education and Protection Fund of the Central Government on 1st November, 2003, and unclaimed dividend for the Financial Year ended 31st March, 1997 will be transferred to Investor Education and Protection Fund well before the prescribed time limit i.e. 23rd November, 2004, in terms of Section 205(C) of the Companies Act, 1956.
8. All queries relating to share transfer and allied subjects should be addressed to :

Mondkar Computers Private Limited,
(Unit : UGSL)
21, Shakil Niwas,
Mahakali Caves Road,
Andheri (East),
Mumbai 400 093

Uttam Galva Steels Limited

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. 5, 6 & 7 of the accompanying Notice of the 19th Annual General Meeting of the Company to be held on Saturday, the 31st July, 2004 at 11.00 a.m.

In respect of Item No. 5

The Members are informed that the present tenure of Shri Rajinder Miglani – Managing Director of the Company was expired on 30th December, 2003 and accordingly, he has been re-appointed as Managing Director for the period of three years from 31st December, 2003 to 30th December, 2006 by the Board of Directors at its Meeting held on 9th December, 2003 and payment of remuneration was approved by the Remuneration Committee at its Meeting held on 8th December, 2003, pursuant and subject to provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956; Articles 23, 24 and 25 of the Articles of Association of the Company; Special Resolution passed at the Annual General Meeting of the Company and the approval of the Central Government, as may be required.

Since, the Company was in default in repayment of the debt and/ or interest payable thereon for a continuous period of 30 days in the preceding Financial Year 2002-2003 with UTI Asset Management Co. Pvt. Ltd. and United India Insurance Co. Ltd., the Company has made an application to the Department of Company Affairs, Ministry of Finance, Government of India, New Delhi, on 11th February, 2004 seeking its approval on the said appointment pursuant to Schedule XIII to the Companies Act, 1956.

Under the provisions of the Companies Act, 1956, the Government has allowed payment of managerial remuneration without any restrictions but subject to the Central Government approvals, and the recent years have witnessed a substantial transformation of the remuneration package for experienced professionals and therefore in view of the increase in business and responsibility of the Company, it is proposed to fix the remuneration package payable to Shri Rajinder Miglani within the maximum limits.

The abstract of the terms and conditions of appointment of Shri Rajinder Miglani, as the Managing Director in terms of Section 302(7) of the Companies Act, 1956 has been posted to all the members on 29th December, 2003.

The information on this appointment pursuant to Clause 49 of the Listing Agreement is given here and also in the Report on Corporate Governance annexed to the Directors' Report dated 15th May, 2004 and the following information is given pursuant to Schedule XIII to the Companies Act, 1956 :-

1. GENERAL INFORMATION:

1) Nature of Industry:

The Company is into processing and manufacturing of Cold Rolled Annealed and Unannealed Sheets & Coils and Galvanised Plain and Corrugated Sheets.

2) Date of commencement of commercial production:

03.01.1988

3) In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus:

Not Applicable

4) Financial performance based on given indicators:

PARTICULARS	Year Ended 31 st March, 2004 (Rs. in Millions)	Year Ended 31 st March, 2003 (Rs. in Millions)
Sales & Other Income	12205.49	8533.27
Gross Profit before Depreciation and Interest	1296.03	1052.36
Less : Interest & Financial Charges	499.84	540.72
Restructuring Financial Cost – Term Loans	237.83	130.85
Cash Profit	558.36	380.79
Less : Depreciation	304.01	277.81
Profit before tax	254.35	102.98
Less : Provision for tax - MAT	15.60	NIL
Profit after tax	238.75	102.98
Add : Balance Carried from earlier year	(89.84)	(192.82)
Balance Carried to Balance Sheet	148.91	(89.84)

5) Export performance and net foreign exchange collaborations:

Export performance for the Financial Year 2003-2004 was Rs. 7421.10 millions and for Financial Year 2002-2003 was Rs. 5279.27 Millions

6) Foreign investments or collaborations, if any:

Not applicable



II. INFORMATION ABOUT THE APPOINTEE

1) Background details:

Shri Rajinder Miglani is an Industrialist and is the Promoter Director of the Company since incorporation in the year 1985. He is a graduate and having more than 36 years experience in the Steel Industry.

2) Past remuneration:

He has drawn Rs. 22,47,046/- in the Financial Year i.e. 2002-2003

3) Recognition or awards :

Nil

4) Job profile and his suitability:

To manage the Company as Chairman & Managing Director under superintendence and control of the Board of Directors. Shri Rajinder Miglani is most suitable for this position as proven by his vast experience in the Steel Industry as an Industrialist and the track record of the Company since incorporation

5) Remuneration proposed:

Rs. 48,00,000/- p.a and benefits

6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin):

The proposed remuneration is in tune with the current remuneration packages of the similar industry, comparative size and effective capital of the Company, qualification and experience of the appointee and highly competitive business scenario requiring recognition and reward of performance and achievement for retention of best talent and motivation towards meeting the objective of the Company.

7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Shri Rajinder Miglani is the Promoter Director of the Company and is father of Shri Anuj Miglani – Dy. Managing Director & COO.

III. OTHER INFORMATION

1) Reasons of loss or inadequate profits:

Continued low demand, low price realization, excessive capacity in the industry, high interest and financial cost upto the Financial Year 2001-2002.

2) Steps taken or proposed to be taken for improvement:

Continuous modernization, upgradation of machinery and de-bottlenecking of various processes and also more aggressive marketing in domestic and export markets.

3) Expected increase in productivity and profits in measurable terms:

Turnover of about Rs.15000 millions and Profit before tax of about Rs. 230 millions in the Financial Year 2004-2005.

IV. DISCLOSURES

1) The Shareholders of the Company shall be informed of the remuneration package of the managerial person:

The abstract of the terms and conditions including remuneration package for the appointment of Shri Rajinder Miglani, as the Managing Director has already been informed to the Shareholders on 29th December, 2003 in terms of Section 302(7) of the Companies Act, 1956.

2) The following disclosures shall be mentioned in the Board of Director's report under the heading 'Corporate Governance', if any, attached to the annual report:

(i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors: Done

(ii) Details of fixed component and performance linked incentive along with the performance criteria : Not Applicable

(iii) Service contracts, notice period, severance fees:

Service contracts : 3 years, Notice period : Nil, Severance fees: Nil

(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable: None

The above disclosures have been made in the Report on Corporate Governance attached to the Directors' Report dated 15th May, 2004. Accordingly, the Resolution given at the Item No. 5 of the Notice of even date is recommended by the Board of Directors for the consideration and approval of the members.

Shri Rajinder Miglani is interested or concerned in this Resolution as recipient of remuneration for his re-appointment as Managing Director. Shri Praveen Miglani and Shri Anuj Miglani are also concerned or interested in this Resolution being the relatives of Shri Rajinder Miglani. None of the others Directors are in any way concerned or interested in this Resolution. Your Board recommends the Resolution for the approval of the members.

In respect of Item No. 6

The Members are informed that the present tenure of Shri Anuj Miglani – Dy. Managing Director & Chief Operating Officer of the Company is from 10th November, 2001 to 9th November, 2006 and his present salary is Rs. 75,000/- per month.

In view of excellent contribution made and being made to the Company by Shri Anuj Miglani, specially in managing the plants and substantial increase in production capacity and its utilization with excellent quality of wide range of products, the increase in his salary