



**UTTAM**

report  junction.com

# 22<sup>nd</sup> **Annual Report** **2006-2007**

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**UTTAM GALVA STEELS LIMITED**

**Uttam Galva Steels Limited****BOARD OF DIRECTORS**

RAJINDER MIGLANI	:	CHAIRMAN & MANAGING DIRECTOR
PRAVEEN MIGLANI	:	DIRECTOR
P G KAKODKAR	:	DIRECTOR
S T PARIKH	:	DIRECTOR
DR. N S DATAR	:	DIRECTOR
V D SHINDE	:	DIRECTOR (NOMINEE - IDBI)
KISHOR NAIK	:	DIRECTOR (NOMINEE - ICICI)
S R KRISHNASWAMY	:	DIRECTOR (NOMINEE - LIC)
ANUJ MIGLANI	:	DY. MANAGING DIRECTOR
ANKIT MIGLANI	:	DIRECTOR (COMMERCIAL)
A K MAHENDRU	:	DIRECTOR (SALES & MARKETING)
S G TUDEKAR	:	DIRECTOR (WORKS)

**EXECUTIVE DIRECTOR (FINANCE)  
& CFO**

GURSHARAN S SAWHNEY

**VICE PRESIDENT  
& COMPANY SECRETARY**

R K AGRAWAL

**BANKERS**

STATE BANK OF INDIA  
CANARA BANK  
PUNJAB NATIONAL BANK  
BANK OF BARODA  
INDIAN OVERSEAS BANK  
ICICI BANK LTD.  
PUNJAB & MAHARASHTRA CO-OP BANK LTD.

**STATUTORY AUDITOR**

YOGESH B. MEHTA  
CHARTERED ACCOUNTANT  
MUMBAI

**INTERNAL AUDITOR**

KPMG  
MUMBAI

**REGISTERED OFFICE**

UTTAM HOUSE,  
69, P. D'MELLO ROAD,  
MUMBAI - 400 009  
E-MAIL: info@uttamgalva.com  
WEBSITE: www.uttamgalva.com

**BRANCHES**

NEW DELHI  
PUNE  
CHENNAI

**WORKS**

KHOPOLI - PEN ROAD, DONVAT  
DIST: RAIGAD - MAHARASHTRA  
KHOPOLI - PALI ROAD, DAHIVALI  
DIST: RAIGAD - MAHARASHTRA

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# VISION, MISSION AND VALUES

## VISION

Become the world's favoured  
flat steel products brand

## MISSION

To consistently provide quality steel  
products ensuring customer delight

## VALUES

**Integrity** : Honouring all commitments

**Value for Time** : Business at supersonic speed

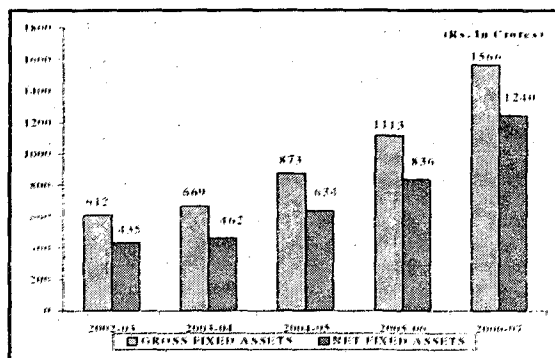
**Ethics** : Ethical business practices with  
all stakeholders

**Uttam Galva Steels Limited****FINANCIAL HIGHLIGHTS**

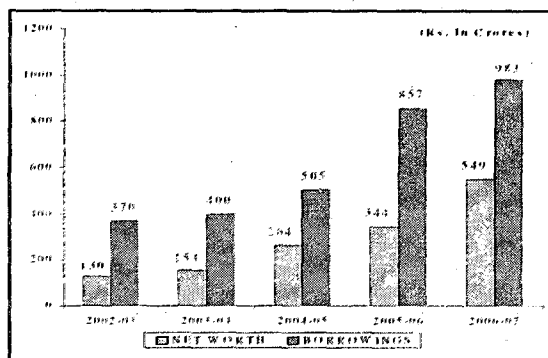
PARTICULARS	2006-07	2005-06	2004-05	2003-04	2002-03
<b>SALES &amp; EARNINGS</b>					
					Rs. in crores
LOCAL SALES	1,224	843	714	478	325
EXPORT SALES	1,456	1,054	1,442	742	528
<b>GROSS SALES</b>	<b>2,680</b>	<b>1,897</b>	<b>2,156</b>	<b>1,220</b>	<b>853</b>
OTHER INCOME	4	10	5	4	2
TOTAL INCOME	2,684	1,907	2,162	1,225	856
LESS: CENTRAL EXCISE DUTY	105	109	64	58	45
LESS: SELLING & DISTRIBUTION EXPENSES	136	106	131	63	53
<b>SALES &amp; OTHER INCOME</b>	<b>2,443</b>	<b>1,692</b>	<b>1,967</b>	<b>1,104</b>	<b>758</b>
MATERIAL COST	2,011	1,366	1,651	874	572
OTHER EXPENDITURE	161	129	116	100	81
<b>PBIDT</b>	<b>271</b>	<b>197</b>	<b>199</b>	<b>130</b>	<b>105</b>
INTEREST	109	77	65	74	67
<b>PROFIT BEFORE DEPRECIATION &amp; TAX (PBDT)</b>	<b>162</b>	<b>120</b>	<b>135</b>	<b>56</b>	<b>38</b>
DEPRECIATION	49	38	32	30	28
PBT	113	82	103	25	10
<b>PROFIT AFTER TAX (PAT)</b>	<b>113</b>	<b>74</b>	<b>95</b>	<b>24</b>	<b>10</b>
CASH ACCRUALS	162	112	127	54	38
<b>ASSETS &amp; LIABILITIES</b>					
FIXED ASSETS GROSS	1,566	1,113	873	669	612
FIXED ASSETS NET	1,240	836	634	462	435
TOTAL ASSETS	1,532	1,201	769	553	500
<b>REPRESENTED BY</b>					
<b>NET WORTH</b>	<b>549</b>	<b>344</b>	<b>264</b>	<b>153</b>	<b>130</b>
SHARE CAPITAL EQUITY	105	83	80	70	67
PREFERENCE	3	5	5	5	5
SHARE APPLICATION MONEY	0	0	1	0	6
RESERVES	441	256	178	78	63
BORROWINGS	983	857	505	400	370
<b>LONG TERM SECURED</b>	<b>683</b>	<b>448</b>	<b>388</b>	<b>301</b>	<b>298</b>
UNSECURED	220	197	7	22	23
SHORT TERM	80	212	110	76	50
TOTAL FUNDS	1,532	1,201	769	553	500
<b>RATIOS</b>					
EARNING PER EQUITY SHARE	13.52	9.13	12.57	3.43	1.44
BOOK VAUE PER EQUITY SHARE	52.19	41.19	32.92	22.04	18.45
DEBT EQUITY RATIO	1.24:1	1.30:1	1.47:1	1.96:1	2.29:1



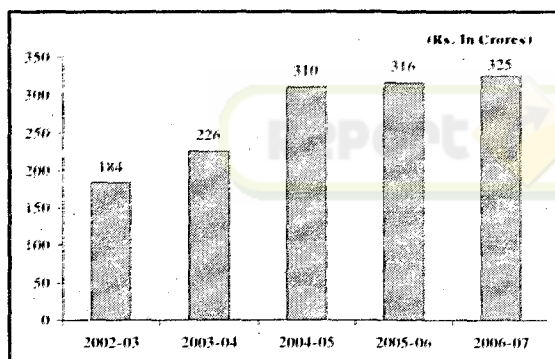
## FINANCIAL HIGHLIGHTS



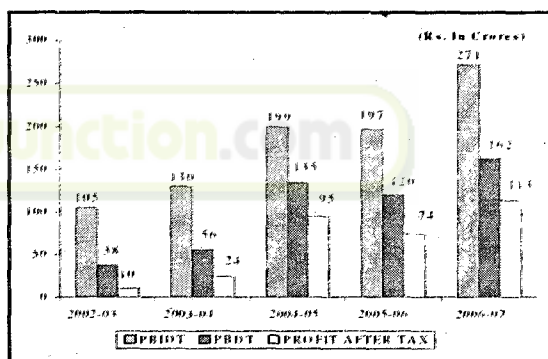
**FIXED ASSETS**



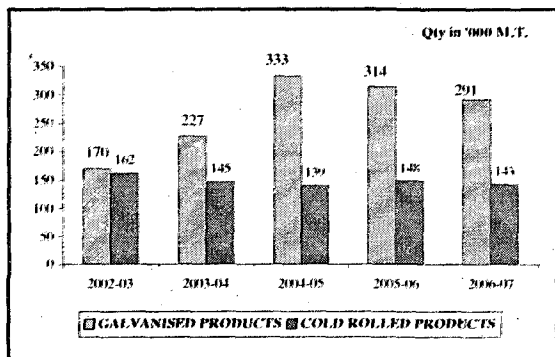
**NETWORTH AND BORROWINGS**



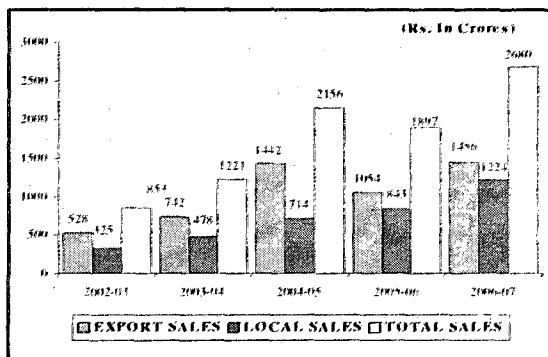
**VALUE ADDITION**



**PBDT/PBDT/PROFIT AFTER TAX**



**SALEABLE PRODUCTION**



**TOTAL SALES**

## Uttam Galva Steels Limited

### NOTICE

NOTICE is hereby given that the 22<sup>nd</sup> ANNUAL GENERAL MEETING of the Members of the Company will be held at 11:00 a.m. on Saturday, the 22<sup>nd</sup> September, 2007 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 31<sup>st</sup> March, 2007 and the Balance Sheet as at that date and Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri P. G. Kakodkar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. N. S. Datar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Anuj Miglani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Prakkash Muni & Associates, Chartered Accountants as Statutory Auditor of the Company in place of the retiring Auditor Shri Yashesh B. Mehta, who do not seek re-appointment, for the Financial Year 2007-08, to hold the office from the conclusion of this Annual General Meeting till the conclusion of the 23<sup>rd</sup> Annual General Meeting and authorise the Board of Directors to decide their remuneration.

#### SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including statutory modification or re-enactment thereof, for the time being in force) and Articles 23, 24 and 25 of the Articles of Association of the Company, approval of the Company be and is hereby accorded to the re-appointment of Shri Rajinder Miglani as Chairman & Managing Director of the Company for the further period of 3 years, with effect from 31<sup>st</sup> December, 2006:-

##### a) Remuneration:-

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

##### b) Benefits:-

- i. Contribution to Provident Fund and Superannuation Fund as per rules of the Company.
  - ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
  - iii. Leave and Encashment of leave as per the rules of the Company.
  - iv. Free use of Car with driver for the business of the Company and free telephone facility at Residence.
  - v. Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.
- c) In the event of the loss or inadequacy of profit in any financial year during his tenure as the Chairman & Managing Director, the aforesaid remuneration will be treated as minimum Remuneration.

- d) Company shall pay or reimburse to the Chairman & Managing Director all costs, charges and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to vary, alter or modify the different components of the above-stated remuneration in accordance with provision of Schedule XIII to the Companies Act, 1956 as may be agreed to by the Board of Directors and Shri Rajinder Miglani.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to take all such steps, action as may be necessary, proper and expedient to give effect to this Resolution"

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:  
**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including statutory modification or re-enactment thereof, for the time being in force) and Articles 23, 24 and 25 of the Articles of Association of the Company, approval of the Company be and is hereby accorded to the re-appointment of Shri Anuj Miglani as Dy. Managing Director of the Company for the further period of 3 years with effect from 10<sup>th</sup> November, 2006 :

##### a) Remuneration:-

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

##### b) Benefits:-

- i. Contribution to Provident Fund and Superannuation Fund as per rules of the Company.
  - ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
  - iii. Leave and Encashment of leave as per the rules of the Company.
  - iv. Free use of Car with driver for the business of the Company and free telephone facility at Residence.
  - v. Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.
- c) In the event of the loss or inadequacy of profit in any financial year during his tenure as the Dy. Managing Director, the aforesaid remuneration will be treated as minimum remuneration.
- d) Company shall pay to or reimburse the Dy. Managing Director all costs, charges and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to vary, alter or modify the different components of the above-stated remuneration in accordance with provision of Schedule XIII to the Companies Act, 1956 as may be agreed to by the Board of Directors and Shri Anuj Miglani



**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to take all such steps, action as may be necessary, proper and expedient to give effect to this Resolution"

8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 1,25,00,00,000 (Rupees One Hundred Twenty Five Crores Only) divided into 11,90,00,000 (Eleven Crores Ninety Lacs Only) Equity Shares of Rs. 10/- each (Rupees Ten Only) aggregating to Rs. 119,00,00,000/- (Rupees One Hundred and Nineteen Crores Only) and 60,00,000/- (Sixty Lacs Only) Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs. 10/- each (Rupees Ten Only) aggregating to Rs. 6,00,00,000/- (Rupees Six Crores Only) to Rs. 1,75,00,00,000 (Rupees One Hundred Seventy Five Crores Only) divided into 16,90,00,000 (Sixteen Crores Ninety Lacs Only) Equity Shares of Rs. 10/- each aggregating to Rs. 169,00,00,000/- (Rupees One Hundred and Sixty Nine Crores only) and 60,00,000 (Sixty Lacs) Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs. 10/- each aggregating to Rs. 6,00,00,000/- (Rupees Six Crores Only), ranking paripassu in all respects with the existing Equity Shares."

9. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company be and is hereby deleted and substituted by the following Clause V:

**Clause V:**

The Authorized Share Capital of the Company is Rs. 1,75,00,00,000 (Rupees One Hundred Seventy Five Crores Only) divided into 16,90,00,000 (Sixteen Crore Ninety Lacs Only) Equity Shares of Rs. 10/- each aggregating to Rs. 169,00,00,000/- (Rupees One Hundred and sixty Nine Crores only) and 60,00,000 (Sixty Lacs) Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs. 10/- each aggregating to Rs. 6,00,00,000/- (Rupees Six Crores Only), with power to increase or reduce the Share Capital with the rights, privileges and conditions, attaching thereto, as are provided by the Articles of Association of the Company for the time being into such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or statutory modification thereof or provided by the Articles of Association of the Company for the time being.

**RESOLVED FURTHER THAT** in the event of entire conversion of OCCRPS into Equity Shares within the stipulated period, the aforesaid Clause V of the Memorandum of Association shall stand deleted and substituted by the following:

"The Authorized Capital of the Company is Rs. 1,75,00,00,000 (Rupees One Hundred Seventy Five Crores Only) divided into 17,50,00,000 (Seventeen Crores Fifty Lacs Only) Equity Shares of Rs. 10/- each."

**RESOLVED FURTHER THAT** in the event of partial conversion and corresponding partial non-conversion of aggregate 60,00,000 (Sixty Lacs) Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs. 10/- each aggregating to Rs. 6,00,00,000/- (Rupees Six Crores Only) into Equity; the number of Equity Shares over and above 16,90,00,000 (Sixteen Crores Ninety Lacs Only) shall stand correspondingly enhanced by actual number of converted Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) and the number of Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) shall stand correspondingly reduced and in the final analysis; clause V in the Memorandum of Association shall be read correspondingly so as to conform consistently and proportionately the contingent events of conversion and non conversion."

10. To considered an if thought fit, to pass, with or without modification(s) the following Resolution as Special Resolution

**"RESOLVED THAT** pursuant to Section 31 and other applicable provisions if any, of the Companies Act, 1956. The existing Article 3 of the Articles of Association of the Company be and is hereby deleted and substituted by the following Article 3.

**Article 3:**

The authorized Capital of the Company is Rs. 1,75,00,00,000/- (Rupees One Hundred Seventy Five Crores Only) divided into 16,90,00,000 (Sixteen Crores Ninety Lacs Only) Equity Shares of Rs. 10/- each (Rupees Ten Only) aggregating to Rs. 169,00,00,000/- (Rupees One Hundred and sixty Nine Crores only) and 60,00,000 (Sixty Lacs Only), Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs. 10/- each (Rupees Ten Only) aggregating to Rs. 6,00,00,000/- (Rupees Six Crores Only), with power to increase or reduce the Share Capital with the right, privileges and conditions, attaching thereto as are provided by the Articles of Association of the Company for the time being into such preferential, qualified or special rights, privileges and conditions, as may be determined by or in accordance with Articles of the Company for the time being and to vary, modify, abrogate any such rights, privileges or condition in such manner as may be permitted by the Companies Act, 1956 or such statutory modification thereof or provided by the Articles of Association for the time being.

**RESOLVED FURTHER THAT** in the event of entire CONVERSION of OCCRPS into Equity Shares within the stipulated period, the aforesaid Article 3 of the Articles of Association shall stand deleted and substituted by the following:

"The Authorized Capital of the Company is Rs. 1,75,00,00,000/- (Rupees One Hundred Seventy Five Crores Only) divided into 17,50,00,000 (Seventeen Crores Fifty Lacs Only) Equity Shares of Rs. 10/- each (Rupees Ten Only)"

**RESOLVED FURTHER THAT** in event of partial conversion and correspondingly partial non conversion of entire 60,00,000 (Sixty Lacs) OCCRPS of Rs. 10/- (Rupees Ten Only) each aggregating to Rs. 6,00,00,000/- (Rupees Six Crores Only) into



## Uttam Galva Steels Limited

Equity; the number of Equity Shares over and above 16,90,00,000 (Sixteen Crores Ninety Lacs Only) shall stand correspondingly enhanced by actual number of converted Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) and the number of Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) shall stand correspondingly reduced and in the final analysis; Article No. 3 in Articles of Association shall be read correspondingly so as to conform consistently and proportionately the contingent event of conversion and non conversion."

By Order of the Board

### Registered Office:

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

**R K Agrawal**  
*Vice President & Company Secretary*

Date: 30<sup>th</sup> July, 2007.

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF COMPANY. 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. 6 to 10 of the Notice is annexed hereto.
3. Register of Members and Share Transfer Books of the Company shall remain closed from 11<sup>th</sup> September, 2007 to 22<sup>nd</sup> September, 2007 (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 of India Ltd., Mumbai.
7. The transfer of Unclaimed Dividend to Investor Education & Protection Fund of the Central Government as required in terms of Section 205C of the Companies Act, 1956, during the current Financial Year is not applicable.
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.

## EXPLANATORY STATEMENT

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

### Item No. 6

Shri Rajinder Miglani was appointed as the Chairman & Managing Director of the Company for the period of three years, which expired on 30<sup>th</sup> December, 2006. The Board of Directors of the Company, at their meeting held on 31<sup>st</sup> October 2006, resolved to re-appoint Shri Rajinder Miglani as the Chairman and Managing Director for the further period of three years, commencing from 31<sup>st</sup> December, 2006 to 30<sup>th</sup> December, 2009 on terms and conditions as set out in the Ordinary Resolution at Item No. 6.

The terms of re-appointment of Shri Rajinder Miglani, as set out in the Ordinary Resolution at Item No. 6, should also be treated as the abstract under Section 302 of the Companies Act, 1956.

Shri Rajinder Miglani is interested or concerned in this Resolution as recipient of remuneration for his re-appointment as Chairman & Managing Director. Shri Praveen Miglani, Shri Anuj Miglani and Shri Ankit 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. The above terms and conditions may be treated as an abstract U/s. 302 of the Companies Act, 1956.

The Board accordingly recommends the Resolution set out in Item No. 6 for the approval of the Members.

### Item No. 7

Shri Anuj Miglani was appointed as the Dy. Managing Director of the Company for the period of three years, which expired on 9<sup>th</sup> November, 2006. The Board of Directors of the Company, at their meeting held on 31<sup>st</sup> October 2006, resolved to re-appoint Shri Anuj Miglani as the Dy. Managing Director for the further period of three years, commencing from 10<sup>th</sup> November, 2006 to 9<sup>th</sup> November, 2009 on terms and conditions as set out in the Ordinary Resolution at Item No 7.

The terms of re-appointment of Shri Anuj Miglani, as set out in the Ordinary Resolution at Item No 7, should also be treated as the abstract under Section 302 of the Companies Act, 1956.

Shri Anuj Miglani is interested or concerned in this Resolution as recipient of increased remuneration as Dy. Managing Director. Shri Rajinder Miglani, Shri Praveen Miglani and Shri Ankit Miglani are also concerned or interested in this Resolution being the relatives of Shri Anuj Miglani. None of the others Directors are in any way concerned or interested in this Resolution.

The above terms and conditions may be treated as an abstract U/s. 302 of the Companies Act, 1956.

The Board accordingly recommends the Resolution set out in Item No. 7 for the approval of the Members

### Item No. 8 to 10

During the financial year 2005-06, the Company had issued Foreign Currency Convertible Bonds (FCCBs) of USD 44 millions. As per the terms of the issue said FCCBs are convertible into Equity Shares. Your Board therefore propose to increase the Authorised Share Capital of Company from Rs. 1,25,00,00,000 (Rupees One Hundred Twenty Five Crores Only) to Rs. 1,75,00,00,000/- (Rupees One Hundred Seventy Five Crores Only).

None of the Directors are concerned or interested in this Resolution. The Board accordingly recommends the Resolutions set out in Item Nos. 8 to 10 for the approval of the Members

By Order of the Board

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

**R. K. Agrawal**  
*Vice President & Company Secretary*

Date: 30<sup>th</sup> July, 2007





## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure to present the Twenty Second Report on the business and operations of the Company, along with the Audited Statement of Accounts for the Financial Year ended 31<sup>st</sup> March, 2007.

### 1. FINANCIAL RESULTS (Stand Alone Basis):

PARTICULARS	Year ended 31 <sup>st</sup> March, 2007 (Rs. in Crores)	Year ended 31 <sup>st</sup> March, 2006 (Rs. in Crores)
Sales & Other Income	2679.90	1897.06
Gross Profit before	271.75	197.09
Depreciation and Interest		
Less: Interest & Financial Charges	109.25	77.44
Cash Profit	162.50	119.66
Less: Depreciation	49.02	37.99
Profit before Tax	113.48	81.66
Less: Provision for Tax	13.28	7.33
Add: MAT Credit Entitlement	(12.86)	-
Profit after tax	113.06	74.33
Balance Carried to Balance Sheet	301.13	182.70

### 2. OPERATIONS:

Your Company has achieved a gross turnover of Rs. 2679.90 Crores as against Rs. 1897.06 Crores during the previous year. Your Company has recorded Profit Before Tax of Rs. 113.48 Crores as against Rs. 81.66 Crores during the previous year. Your Company has recorded the highest ever Sales Turnover and Profit before Tax during the year.

Your Company has added the 2<sup>nd</sup> Stand of Twin Stand Cold Rolling Mill, which will help it to achieve One Million Ton Cold Rolling Capacity in the Current Year. Your Company has also upgraded the colour coating line facilities to do Polyurethane Coating and Lamination on the Pre-painted Coil.

Owing to expansions and importance of timely execution of projects, your Board is of opinion that cash flow should not be disturbed and hence has decided to plough back earnings for the time being & not to recommend dividend payout.

### 3. EXPORTS:

Your Company increased its export turnover by 38% from Rs. 1053.94 crores to Rs. 1455.83 crores. In terms of volume the increase is about 16%. Your Company achieved a record export of around 36,000 MT of color coated coils to developed countries in Europe and Russia. The exports to European countries have grown over 250% over the last year. Your Company is now an established player in value added pre painted coils segment.

The CR wider mill of 1650 mm and wider galvanizing mill should be operational during this financial year and your Company expects to increase the export volume substantially.

They say "to make the first million is the most difficult task". Then the millions will follow automatically. How true it is in the case of your Company! Your Company achieved the one million ton landmark in September 2004 after having started exports in 1996 but now your Company has achieved two million ton mark in less than three years in June, 2007 after achieving the first million.

### 4. DOMESTIC MARKET:

Your Directors are pleased to inform you that your Company continue to enjoy the goodwill & business of reputed customers such as Mahindra & Mahindra, Bajaj Auto, Force Motors & Others as is evident from the renewals of our long term contracts.

Your Company has been quite successful with white goods industry during the year and is now the vendor to customers like Godrej Appliances, Bajaj Electricals, and Haier Appliances. Your Company also continues to supply the vendors of TATA Motors, General Motors, Whirl Pool, LG Electronics etc.

During the year, your Company successfully introduced pre-painted sheets to the Indian roofing industry and continues to get repeat business from profile makers and roof manufacturers. The galvanized sheets manufactured by your Company are used in prestigious projects like the Hyderabad International airport, where these are used as sandwich panel for roofing.

### 5. MANAGEMENT DISCUSSION AND ANALYSIS:

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

#### a. Industry Structure and Development

The unprecedented growth of the auto industry in India have given a new impetus to Indian cold rolling mills to bench mark their product quality to that of European and Japanese standards. In this context your Company is working towards increasing its share of value added supplies to Auto and White goods industry both for Cold Rolled and galvanized products. Your Company is also consistently climbing the value chain by introducing products like pre-painted coils and laminated coils.

#### b. Opportunities and Threats

There exists a great opportunity in the export market for our Galvanised Products and Pre-Painted Coils. Your Company is now well established in the US and European markets and this will enable it to increase volumes and command a premium for its thin gauge Galvanised Products. Your Company is the largest Galvanised Steel Exporter to the US Market from India.

## Uttam Galva Steels Limited

The main threat continues to be the volatile price of HR coils and its availability not only in Indian market but also in International markets. This may affect the profitability of your Company to some extent during the course of next year.

### c. Segment – wise Performance

Since your Company operates only in one Segment, Segment wise or product wise analysis or performance is not applicable.

### d. Outlook

The outlook for steel industry is good in short term and very good in the long term. With both the export and domestic markets growing, your Company sales will also increase. There has been a 35% increase in production of crude steel in the past 10 years and the trend is expected to continue. China alone has increased its steel production three fold in the last 10 years from 109 million tons to 423 million tons in 2006. Compared to that in India production is still only 44 million tons. With several infrastructure projects coming up and demand for steel growing more than 10% every year, the Indian steel industry has a very bright outlook.

### e. Risks and Concerns

Your Company has appointed M/s. KPMG to carry out a study of risks involved in our business. Based on their recommendations your Company shall implement adequate systems and measures to take care of all the risk exigencies involved in our business.

### f. Internal Control Systems and their adequacy

Effective internal operational control systems and regular internal audit mechanisms to monitor and review the same under the overall control and supervision of the Audit Committee of Directors are in place and functioning well. KPMG has been additionally appointed to carry out the Internal Audit of the Company. Efforts for continued improvements are being consistently made in this regard.

### 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 good due to which Your Company has been able to achieve the good financial results, which would help the Company to complete the on-going expansion.

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

Implementation of healthy HRD practices for overall development of human resources and induction of professionally qualified and skilled manpower including internal and external training programmes are the constant features of your Company. Presently, your Company employs 1200 employees. Your Company is proud of its healthy Industrial Relations record.

### i. Material Financial and Commercial Transactions with related parties:

There are no materially significant financial and commercial transactions with the related parties conflicting with the interest of the Company during the financial year under review. The Promoters and the Directors are not dealing in the Equity Shares of the Company.

## 6. CORPORATE GOVERNANCE:

Your Company has implemented all the mandatory requirements pursuant to Clause 49 (as amended) of the Listing Agreement. A detailed report on Corporate Governance along with a certificate from the Auditor confirming the compliance is annexed hereto and forms part of the Directors' Report as Annexure-III.

## 7. DIRECTORS:

During year under review Shri Rajinder Miglani was re-appointed as Chairman & Managing Director of the Company for the period of 3 years from 31<sup>st</sup> December, 2006 to 30<sup>th</sup> December, 2009 and Shri Anuj Miglani was re-appointed as Dy. Managing Director of the Company for the period of 3 years from 10<sup>th</sup> November, 2006 to 9<sup>th</sup> November, 2009.

Shri P. G. Kakodkar, Dr. N. S. Datar and Shri Anuj Miglani, retire by rotation and being eligible have offered themselves for re-appointment. The Board of Directors recommends their re-appointments.

Shri Kishor Naik was appointed as a Nominee Director of ICICI Bank Ltd. on 17<sup>th</sup> July, 2007 in place of Smt. Shaila Sarpotdar.

Your Directors wish to take this opportunity to place on record sincere appreciation and thanks to Smt. Shaila Sarpotdar for her valuable guidance and services rendered to the Company during her tenure as a Director.

## 8. PARTICULARS OF EMPLOYEES U/S. 217(2A) OF THE COMPANIES ACT, 1956:

Information required for particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 is enclosed herewith as Annexure – II.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) Appropriate Accounting Policies have been selected and applied consistently. 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 31<sup>st</sup> March, 2007 and of the Profit and Loss A/c for the financial year 2006-2007 have been made.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies