



UTTAM

23rd
Annual Report
2007-2008

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
IDBI BANK LTD.
INDIAN OVERSEAS BANK
ICICI BANK LTD.
PUNJAB & MAHARASHTRA CO-OP BANK LTD.

STATUTORY AUDITOR

M/S. PFAKKASH MUNI & ASSOCIATES
CHARTERED ACCOUNTANTS
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

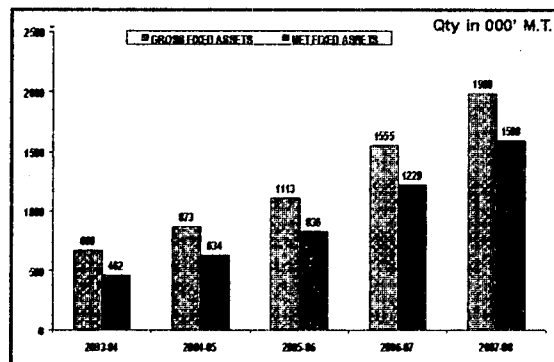
Ethics : Ethical business practices with
all stakeholders

Uttam Galva Steels Limited**FINANCIAL HIGHLIGHTS**

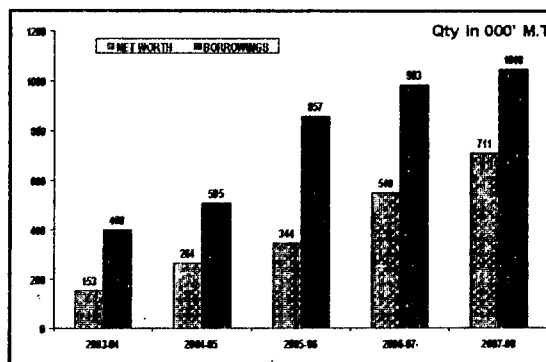
| PARTICULARS | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 |
|---|--------------|--------------|--------------|--------------|---------------|
| SALES & EARNINGS | | | | | |
| | | | | | Rs. in Crores |
| LOCAL SALES | 1,706 | 1,224 | 843 | 714 | 479 |
| EXPORT SALES | 1,583 | 1,456 | 1,054 | 1,442 | 742 |
| GROSS SALES | 3,289 | 2,680 | 1,897 | 2,156 | 1,221 |
| OTHER INCOME | 2 | 4 | 10 | 5 | 4 |
| TOTAL INCOME | 3,291 | 2,684 | 1,907 | 2,161 | 1,225 |
| LESS: CENTRAL EXCISE DUTY | 133 | 105 | 109 | 64 | 58 |
| LESS: SELLING & DISTRIBUTION EXPENSES | 150 | 136 | 106 | 131 | 63 |
| SALES & OTHER INCOME (EFFECTIVE) | 3,008 | 2,443 | 1,692 | 1,966 | 1,104 |
| MATERIAL COST (INCL. STOCK VARIATION) | 2,506 | 2,011 | 1,366 | 1,651 | 874 |
| OTHER EXPENDITURE | 199 | 161 | 129 | 116 | 100 |
| PBIDT | 303 | 271 | 197 | 199 | 130 |
| INTEREST | 114 | 109 | 77 | 64 | 74 |
| PROFIT BEFORE DEPRECIATION & TAX (PBDT) | 189 | 162 | 120 | 135 | 56 |
| DEPRECIATION | 65 | 49 | 38 | 32 | 30 |
| PROFIT BEFORE TAX (PBT) | 124 | 113 | 82 | 103 | 26 |
| PROFIT AFTER TAX (PAT) | 124 | 113 | 74 | 95 | 24 |
| CASH ACCRUALS | 189 | 162 | 112 | 127 | 54 |
| ASSETS & LIABILITIES | | | | | |
| FIXED ASSETS GROSS | 1,989 | 1,555 | 1,113 | 873 | 669 |
| FIXED ASSETS NET | 1,598 | 1,229 | 836 | 634 | 462 |
| TOTAL ASSETS | 1,759 | 1,532 | 1,201 | 769 | 553 |
| REPRESENTED BY | | | | | |
| NET WORTH | 711 | 549 | 344 | 264 | 153 |
| SHARE CAPITAL EQUITY | 114 | 105 | 83 | 80 | 70 |
| PREFERENCE | 2 | 3 | 5 | 5 | 5 |
| SHARE APPLICATION MONEY | 0 | 0 | 0 | 1 | 0 |
| RESERVES | 595 | 441 | 256 | 178 | 78 |
| BORROWINGS | 1,048 | 983 | 857 | 505 | 400 |
| LONG TERM SECURED | 784 | 683 | 448 | 388 | 301 |
| UNSECURED | 218 | 220 | 197 | 7 | 23 |
| SHORT TERM | 46 | 80 | 212 | 110 | 76 |
| TOTAL FUNDS | 1,759 | 1,532 | 1,201 | 769 | 553 |
| RATIOS | | | | | |
| EARNING PER EQUITY SHARE Rs. | 11.63 | 13.52 | 9.13 | 12.57 | 3.43 |
| BOOK VALUE PER EQUITY SHARE Rs. | 62.21 | 51.90 | 40.65 | 32.33 | 21.27 |
| DEBT EQUITY RATIO @ ON SECURED LONG TERM BORROWINGS EXCEPT FCCB | 1.10:1 | 1.24:1 | 1.30:1 | 1.47:1 | 1.96:1 |



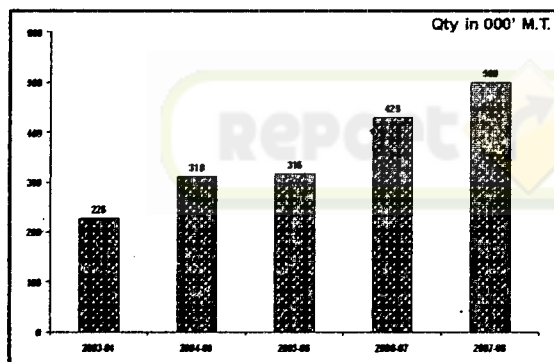
FINANCIAL HIGHLIGHTS



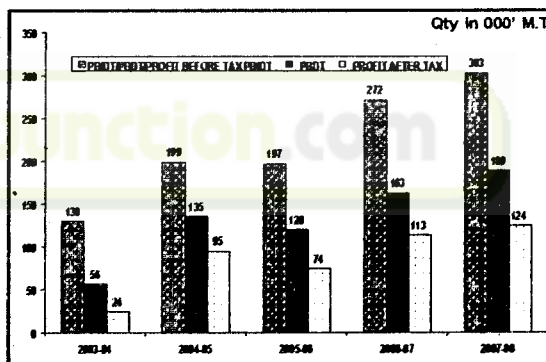
FIXED ASSETS



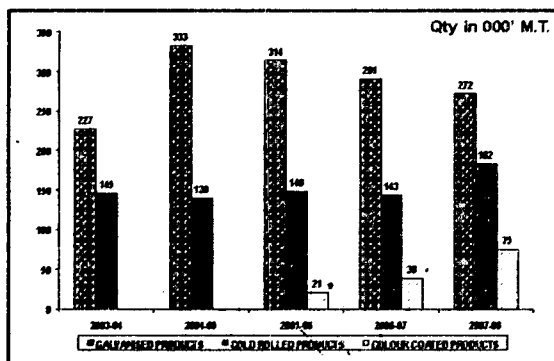
NETWORTH AND BORROWINGS



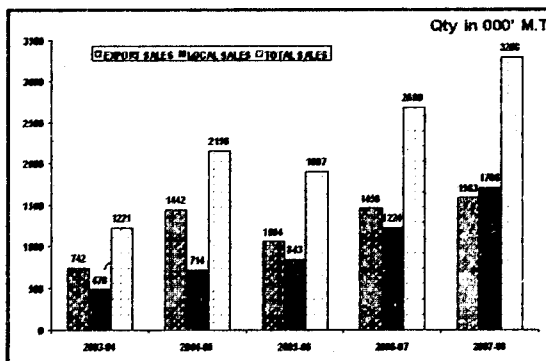
VALUE ADDITION



PBDT/PBDT/PROFIT BEFORE TAX/PROFIT



SALEABLE PRODUCTION



TOTAL SALES

Uttam Galva Steels Limited

NOTICE

NOTICE is hereby given that the 23rd **ANNUAL GENERAL MEETING** of the Members of the Company will be held at 11:00 a.m. on Saturday, the 26th July, 2008 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, 2008 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 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 appoint a Director in place of Shri Ankit Miglani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. Prakash Muni & Associates, Chartered Accountants as the Statutory Auditor for the Financial Year 2008-09, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 24th Annual General Meeting and to authorize the Board of Directors to decide his remuneration.

SPECIAL BUSINESS:

6. **Alteration of Articles of Association empowering the Board of Directors to Buy Back Company's own Shares:**

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 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), the Articles of Association of the Company be hereby amended in the following manner:

The following new Article be inserted after Article 9B:

9C: Notwithstanding anything contained in these Articles but subject to the Provisions of Section 77A, 77AA and 77B and any other applicable provision of the Act or any other law for the time being in force, the Company shall have power to buy back its own shares or other specified securities on such term

and conditions upto such limits as may be determined by the Board and/or prescribed by the applicable law / rules notified from time to time."

7. **Alteration of Articles of Association in respect of "Board of Directors".**

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 31 and other applicable provisions if any, of the Companies Act, 1956. (including any statutory modifications or re-enactment thereof, for the time being in force) the existing Articles 17 of Articles of Association of the Company be and is hereby deleted and substituted by the following Article 17.

Article 17

Unless otherwise determined by the Company in General Meeting and subject to the provisions of Section 252 of the Act, the number of Directors of the Company shall not be less than 3 or more than 12.

Subject to the provisions of Section 255 of the Companies Act, 1956, Shri Anuj Miglani and Shri Ankit Miglani shall be permanent Directors and such permanent Director and any Nominee Director appointed under Article 29 shall not be liable to retire by rotation.

The Company shall subject to the provisions of the Companies Act 1956 be entitled to agree with any person, firm or corporation, institution that he or it shall have right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Company deems fit and such person/s shall not be liable to retire by rotation. The Corporation, firm or person/s shall be entitled from time to time to remove any such Director or Directors and appoint another or other in his or their places. Notwithstanding any thing contained in these Articles, such Director(s) shall not be required to hold any Share Qualification or be liable to retire by rotation or otherwise resign his/their office. Such a Director shall be entitled to the same rights and privileges and be subject to the same obligations as any other Directors of the Company.

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

"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 16th Annual General Meeting of the Company held on 10th November 2001, the 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 the temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid Up Capital of the Company and its free reserves (i.e. Reserves not set apart for any specific purpose) provided the aggregate of the monies borrowed and to be borrowed and outstanding at any one time shall not exceed Rs. 5000 Crores (Rupees Five Thousand Crores only)

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

"RESOLVED THAT subject to the provisions of Section 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 the salary of Shri Rajinder Miglani – Chairman & Managing Director is increased from Rs. 4,00,000/- to Rs. 10,00,000/- p.m. w.e.f. 1st April, 2008 till the end of his current tenure i.e. 30th December, 2009 and that all other terms and conditions of his appointment as Chairman & Managing Director will remain unaltered."

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

"RESOLVED THAT subject to the provisions of Section 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 the salary of Shri Anuj Miglani – Dy. Managing Director is increased from Rs. 4,00,000/- to Rs. 10,00,000/- p.m. w.e.f. 1st April, 2008 till the end of his current tenure i.e. 10th November, 2009 and that all other terms and conditions of his appointment as Dy. Managing Director will remain unaltered."

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: 30th April, 2008

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 15th July, 2008 to 26th July, 2008 (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, 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

In order to enable the Company to Buy Back its own shares pursuant to Section 77A of the Companies Act, 1956, it is necessary to have relevant provisions in the Articles of Association of the Company.

Hence it is proposed to insert a new Article 9C after the existing Article 9B authorizing the Board of Directors to buy back any of the Company's Shares / Securities in

Uttam Galva Steels Limited

accordance with the Provisions of Companies Act, 1956 and other applicable laws, regulations rules re-enactment thereof for the time being in force.

None of the Directors are concerned or interested in this Resolution. The Board accordingly recommends the Special Resolutions set out in Item No. 6 for the approval of the Members.

Item No. 7

It is proposed to amend the existing Article 17 of Articles of Association of the Company by substituting a clause in place of existing clause relating to permanent Directors. The Board of Directors proposes that Shri Anuj Miglani and Shri Ankit Miglani being Promoters and Whole Time Directors of the Company shall be called as permanent Directors who shall not be liable to retire by rotation subject to the provisions of Section 255 of the Companies Act, 1956.

None of the Directors except Shri Anuj Miglani, Shri Ankit Miglani and Shri Rajinder Miglani being the father of Shri Anuj Miglani and Shri Ankit Miglani and Shri Praveen Miglani uncle of Shri Anuj Miglani and Shri Ankit Miglani are concerned or interested in this Resolution. The Board accordingly recommends the Special Resolution set out in Item No. 7 for the approval of the Members.

Item No. 8

The members have extended their approval to the Board to borrow monies upto a limit of Rs. 1500 Crores pursuant to the Provisions of Section 293(1)(d) of the Companies Act, 1956, by passing a Ordinary Resolution at the Annual General Meeting held on 10th November, 2001.

The expansion of Projects and Volume of Operations of the Company is increasing constantly, hence it is Proposed to increase the borrowing limits upto Rs. 5000 Crores. The approval of the Members is solicited to permit the Board to borrow the monies in excess of the Company's Paid Up Capital and Free Reserves.

None of the Directors are in any way concerned or interested in this Resolution. The Board accordingly recommends the Ordinary Resolution set out at Item No. 8.

Item No. 9

Shri Rajinder Miglani was re-appointed as the Chairman & Managing Director of the Company w.e.f. 31st December, 2006, for the period of 3 years at a remuneration of Rs. 4,00,000/- per month plus other usual benefits.

In view of the adequate profitability of the Company and considering the market conditions in general and an excellent contribution made to the Company by Shri Rajinder Miglani, the increase in his salary from Rs. 4,00,000/- to Rs. 10,00,000/- per month is recommended by Remuneration Committee and Board of Directors at their meeting held on 31st January, 2008 and 30th April, 2008 respectively for approval of the members. All other terms of his appointment will remain unaltered.

None of the Directors except, Shri Rajinder Miglani being the recipient, Shri Praveen Miglani brother of Shri Rajinder Miglani, Shri Anuj Miglani and Shri Ankit Miglani sons of Shri Rajinder Miglani are concerned or interested in this Resolution. The Board accordingly recommends the Ordinary Resolution set out in Item No. 9 for the approval of the Members.

Item No. 10

Shri Anuj Miglani was re-appointed as the Dy. Managing Director of the Company w.e.f. 10th November, 2006, for the period of 3 years at a remuneration of Rs. 4,00,000/- per month plus other usual benefits.

In view of the adequate profitability of the Company and considering the market conditions in general and an excellent contribution made to the Company by Shri Anuj Miglani, the increase in his salary from Rs. 4,00,000/- to Rs. 10,00,000/- per month is recommended by Remuneration Committee and Board of Directors at their meeting held on 31st January, 2008 and 30th April, 2008 respectively for approval of the members. All other terms of his appointment will remain unaltered.

None of the Directors except, Shri Anuj Miglani being the recipient, Shri Rajinder Miglani father of Shri Anuj Miglani, Shri Praveen Miglani uncle of Shri Anuj Miglani, and Shri Ankit Miglani Brother of Shri Anuj Miglani are concerned or interested in this Resolution. The Board accordingly recommends the Ordinary Resolution set out in Item No. 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: 30th April, 2008



DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the Twenty Third Report on the business and operations of the Company, along with the Audited Statement of Accounts for the Financial Year ended 31st March, 2008.

1. FINANCIAL RESULTS (Stand Alone Basis):

| PARTICULARS | Year ended 31 st March, 2008 (Rs. in Crores) | Year ended 31 st March, 2007 (Rs. in Crores) |
|---|---|---|
| Gross Sales | 3288.47 | 2679.90 |
| Gross Profit before Depreciation and Interest | 302.97 | 271.75 |
| Less: Interest & Financial Charges | 113.88 | 109.25 |
| Cash Profit | 189.09 | 162.50 |
| Less: Depreciation | 64.76 | 49.02 |
| Profit before Tax | 124.33 | 113.48 |
| Less: Provision for Tax | 14.55 | 13.28 |
| Add: MAT Credit Entitlement | 14.09 | 12.86 |
| Profit after tax | 123.87 | 113.06 |
| Balance Carried to Balance Sheet | 423.50 * | 301.13 |

2. OPERATIONS:

Your Company has achieved a turnover of Rs. 3288.47 Crores as against Rs. 2679.90 Crores in the previous year. Your Company has recorded Profit Before Tax of Rs. 124.33 Crores as against Rs. 113.48 Crores in the previous year. Your Company has recorded the highest ever Sales Turnover and Profit before Tax during the year.

Owing to expansions and importance of timely execution of projects, your Board is of the 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 has exported to 135 countries across the Globe & continues to expand its wings. This year, your Company has serviced 259 export customers across most continents, of which 36 are new recipients of Uttam products. Your Company's average market-share in top 10 countries of exports is 0.6%.

Your Company has registered a growth in exports to Europe by 15% & Africa by 43% mainly due to change in product mix & emerging market scenario in developing nations, where demand exists. Your Company remains the highest exporter to USA from India for the Galvanized product group for the 3rd year in succession.

The new wide width 1650 mm – Galvanising line 'SGL' which got operational during the year is going to help broaden your Company's product range further enhancing value addition. The 'SGL' will make your Company one of the world's most

wide ranged product serving organisation which can service galvanized sheets as thin as 0.12 mm & as thick as 3.00 mm. Very few mills in the World can produce such a wide product range. The 'SGL' will also help in enhancing Market mix while focusing on exports to developing economies in East Europe, Middle East, Africa & South America.

Your Company has been awarded for the last 10 successive years by the Engineering Export Promotion Council (Ministry of Commerce, Govt. of India) for outstanding exports. By also bagging the State Level Export Award for the year 2006-2007 by the Govt. of Maharashtra, your Company has achieved a double distinction.

4. DOMESTIC MARKET:

In the domestic market the volume increase in sales has been 55 % compared to sales in the same period last year.

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

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

During the year, your Company successfully continued supply of colour coated coils/sheets to the Indian roofing industry and continues to gain repeat business.

The segments supplied include Construction, Telecom shelters, Bus body building & appliances.

Your Company is continuing to enhance the reach in the domestic market by opening offices at various locations across the Country.

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 & Development:

The World economy is today primarily driven by BRIC economy & India is part of BRIC, with GDP Growth in the range of 8-9%. Your Company is all set to serve the booming Domestic Market with enhanced capacity of value added products like Galvanized & Pre-painted steel sheets without disturbing the overseas customer base. The demand for these products is set to grow at the rate of 20% domestically & your Company can fulfill the market demands to keep a satisfied customer base.

b) Opportunities & threats:

There exist good opportunities for your Company in markets like the USA, East Europe & Middle East countries with value added products like Structural Grade

Uttam Galva Steels Limited

GI in thicker gauges, and wider PPGL products which very few mills in the world can serve.

Your Company can cater to White goods customers as well as the Automobile Industry, located overseas, with its new product mix.

With the Indian Economy growing at such a fast pace & the growing demands in construction & infrastructure segments there will be a good opportunity for your Company to offer its expanded range of products in the Indian Market.

However, there exists a threat with regard to volatile raw material prices, shipping & exchange rates. These hold valid for our competitors too both in International as well as Domestic markets.

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 the Steel Industry looks quite promising with World's crude steel capacity over 1.2 Billion tonnes & India poised to cross 50 Million tonnes. The new construction norms demand superior grades of steel, which your Company can serve with its new facilities in place. Your Company's strategic location allows it to serve domestic markets as well as export markets within the shortest time which is the demand of the hour.

World steel consumption could increase by 71% in the next ten years, to exceed 2 Billion tonnes/year of finished steel products by 2017. Global consumption is forecast to grow at an annual rate of 5.2% between 2006 to 2012, to reach 1.5 Billion tonnes/year. The compound annual growth rate will then accelerate to 6% in the period 2012-2017.

Fastest growth in consumption will be seen in Asia, which will average a 7.4% per year increase in steel demand upto 2017. This will be driven by an 8% annual rise in China, which will be consuming more than 800 Million tonnes/year by 2017. India's steel usage is also growing fast, and its consumption is forecast to overtake South Korea by 2012 and Japan by 2017.

Consumption in the CIS is forecast to rise by more than 3% per year, reaching 73.7 Million tonnes by 2017. North American and European consumption is forecast to dip between 2007 and 2009 because of the sub-prime crisis. But both regions should see a recovery from 2010 onwards. In Europe the rise in consumption will be led by Eastern Europe and Turkey which should see annual growth of more than 6% per year upto 2017; while growth in the rest of Europe will be 1% per year, or less.

In India the Union Steel Ministry has revised its original documents production target specified in the National Steel Policy. The Government, which had earlier set an

annual production target of 110 Million tonnes by 2020, now expects to achieve this by 2011-2012 itself.

Accordingly, domestic production for 2020 has been revised to a staggering 300 Million tonnes. The spurt in production would be led by the 13% growth in national consumption.

India's annual steel production capacity is growing at 10%. While India ranks fifth in global steel production, it expects to achieve the second slot by 2020.

e) Risks and Concerns:

Your Company has appointed M/s. KPMG to carry out a study of risks involved in our business. Your Company has 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 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 good financial results, which would help your 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 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 Auditors confirming the