

26th
26th
Annual Report
Annual Report
2010 - 2011

UTTAM GALVA STEELS LIMITED

Uttam Galva Steels Limited

BOARD OF DIRECTORS

RAJINDER MIGLANI	:	CHAIRMAN
S P TALWAR	:	DIRECTOR
P G KAKODKAR	:	DIRECTOR
S T PARIKH	:	DIRECTOR
DR. N S DATAR	:	DIRECTOR
LALITA SHARMA	:	DIRECTOR (NOMINEE - IDBI)
SWARNA PRABHA SUKUMAR	:	DIRECTOR (NOMINEE - LIC)
ANUJ MIGLANI	:	MANAGING DIRECTOR
ANKIT MIGLANI	:	DY. MANAGING DIRECTOR
A K MAHENDRU	:	DIRECTOR (SALES & MARKETING)
S G TUDEKAR	:	DIRECTOR (WORKS)

DIRECTOR (FINANCE) & CFO

GURSHARAN S SAWHNEY

SR. VICE PRESIDENT & COMPANY SECRETARY

R AGRAWAL

WORKING CAPITAL BANKERS

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

STATUTORY AUDITORS

M/S. PRAKKASH MUNI & ASSOCIATES
CHARTERED ACCOUNTANTS
MUMBAI

INTERNAL AUDITORS

M/S. K S AIYAR & CO.
MUMBAI

REGISTERED OFFICE

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

OTHER OFFICES / BRANCHES

- KEONJHAR, ORRISA
- PUNE
- NEW DELHI
- BANGALORE
- CHENNAI
- HYDERABAD
- AHMEDABAD
- INDORE

WORKS

KHOPOLI - PEN ROAD, DONVAT
DIST: RAIGAD - MAHARASHTRA
KHOPOLI - PALI ROAD, DAHIVALI
DIST: RAIGAD - MAHARASHTRA
TALOJA - 12, MIDC
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

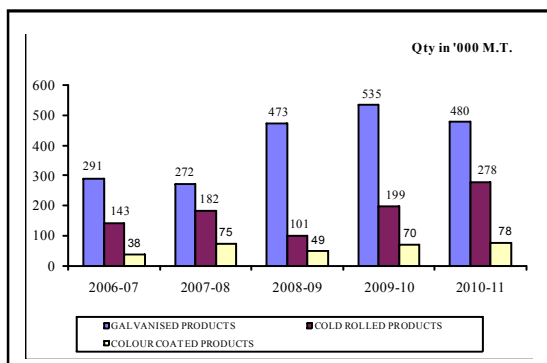
FINANCIAL HIGHLIGHTS

PARTICULARS	2010-11	2009-10	2008-09	2007-08	2006-07
<u>SALES & EARNINGS</u>					
	(₹ in Crores)				
LOCAL SALES	3731	3259	2164	1706	1224
EXPORT SALES	1592	1415	2346	1583	1456
GROSS SALES	5323	4674	4510	3289	2680
OTHER INCOME	1	1	0	2	4
TOTAL INCOME	5324	4675	4510	3291	2684
LESS : CENTRAL EXCISE DUTY	289	178	138	133	105
LESS : SELLING & DISTRIBUTION EXPENSES	155	162	198	150	136
SALES AND OTHER INCOME (EFFECTIVE)	4880	4335	4174	3008	2443
MATERIAL COST (INCL. STOCK VARIATION)	4111	3579	3541	2506	2011
OTHER EXPENDITURE	327	305	274	199	161
PBIDT	442	451	359	303	271
INTEREST	209	186	166	114	109
PROFIT BEFORE DEPRECIATION & TAX (PBDT)	233	265	193	189	162
DEPRECIATION	119	113	92	65	49
PROFIT BEFORE TAX	114	152	101	124	113
PROFIT AFTER TAX	77	102	100	124	113
CASH ACCRUALS	196	215	192	189	162
<u>ASSETS & LIABILITIES</u>					
FIXED ASSETS : GROSS	3502	3100	2681	1989	1555
NET	2787	2505	2198	1598	1229
TOTAL ASSETS : NET	3165	3013	2241	1718	1532
<u>REPRESENTED BY</u>					
NET WORTH	947	898	830	711	549
SHARE CAPITAL – EQUITY	122	122	120	114	105
– PREFERENCE	0	0	0	2	3
RESERVES	825	776	710	595	441
BORROWINGS	2131	2043	1411	1007	983
LONG TERM – SECURED	1871	1548	1073	784	683
– UNSECURED	2	290	333	177	220
SHORT TERM	258	205	5	46	80
DEFERRED TAX	87	72	0	0	0
TOTAL FUNDS	3165	3013	2241	1718	1532
<u>RATIOS</u>					
EARNING PER EQUITY SHARE ₹	6.28	8.48	8.36	11.63	13.52
BOOK VALUE PER EQUITY SHARE ₹	77.46	73.43	69.24	62.21	51.90
DEBT: EQUITY RATIO	1.98:1	1.60:1	1.29:1	1.10:1	1.24:1

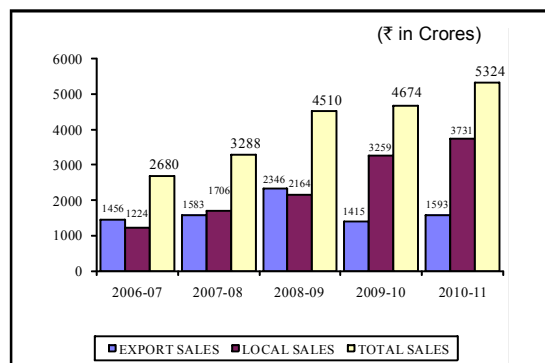


FINANCIAL HIGHLIGHTS

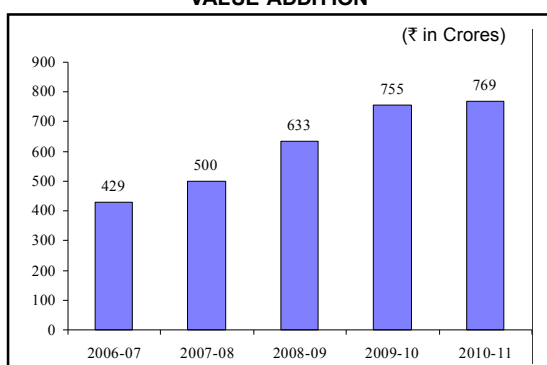
SALEABLE PRODUCTION



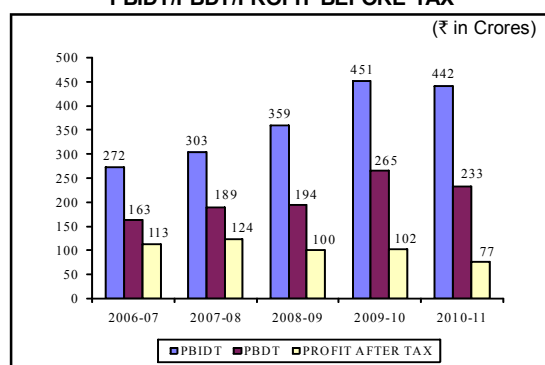
TOTAL SALES



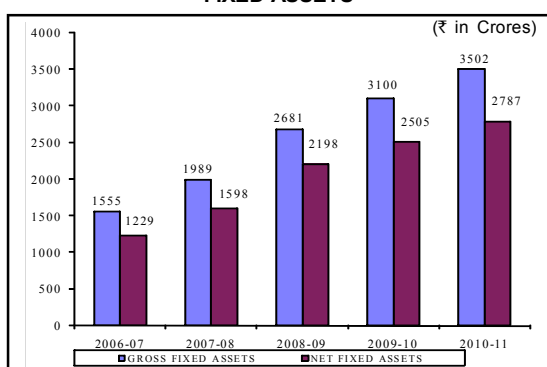
VALUE ADDITION



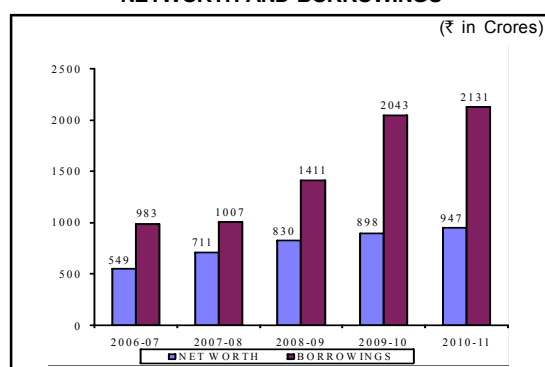
PBIDT/PBDT/PROFIT BEFORE TAX



FIXED ASSETS



NETWORTH AND BORROWINGS



NOTICE

NOTICE is hereby given that the **26th ANNUAL GENERAL MEETING** of the Members of the Company will be held at 11:00 a.m. on Saturday, the 20th August, 2011 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, 2011 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 S. P. Talwar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri A. K. Mahendru, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S. G. Tudekar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. Prakash Muni & Associates, Chartered Accountants, (Registration No. 111792W) as the Statutory Auditor for the Financial Year 2011-2012, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 27th Annual General Meeting and to authorize the Board of Directors to decide their remuneration.

By Order of the Board
For **Uttam Galva Steels Limited**

Registered Office:

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

R Agrawal
Sr. Vice President & Company Secretary

Date : 30th May, 2011

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 THE COMPANY. PROXIES IN**

ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. Register of Members & Debentureholders and Transfer Books of the Company shall remain closed from 16th August, 2011 to 20th August 2011 (both days inclusive).
3. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their queries to the Company Secretary at the Registered Office of the Company, so as to reach him at least seven days before the date of Meeting.
4. 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.
5. The Company's Shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).
6. 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.
7. Details of the Directors appointed / re-appointed is provided herewith as a part of the Corporate Governance Report as required as per Clause 49 of the Listing Agreement.
8. Members are requested to provide their **E-mail addresses** to the Registrar and Share Transfer Agent of the Company namely **Universal Capital Securities Private Limited**, in order to receive the various Notices and other Communications from the Company.
9. E-mail address of the Company is **shares@uttamgalva.com**
10. All queries relating to Share Transfer and allied subjects should be addressed to :

Universal Capital Securities Private Limited,
(Earlier Known as Mondkar Computers Pvt. Ltd.)
(Unit : UGSL)
21, Shakil Niwas,
Mahakali Caves Road,
Andheri (East), Mumbai – 400 093.
Tele No. : 28207203/05
E-mail : info@unisec.in



DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting the Twenty Sixth Report on the business and operations of the Company, along with the Audited Statement of Accounts for the Financial Year ended 31st March, 2011.

1. FINANCIAL RESULTS (Stand Alone Basis):

PARTICULARS	Year ended 31 st March, 2011 (₹ in Crores)	Year ended 31 st March, 2010 (₹ in Crores)
Gross Sales	5323.82	4673.87
Gross Profit before Depreciation and Interest	441.84	450.56
Less : Interest & Financial Charges	208.90	185.39
Cash Profit	232.94	265.17
Less : Depreciation	119.41	112.70
Profit before Tax	113.53	152.47
Less : Provision for Tax	36.76	57.98
Add : MAT Credit Entitlement	0.00	7.98
Profit after tax	76.77	102.47
Balance Carried to Balance Sheet	624.95	566.80

2. OPERATIONS :

Your Company has achieved a turnover of ₹ 5323.82 Crores as against ₹ 4673.87 Crores in the previous year. Your Company has recorded Profit before Tax of ₹ 113.53 Crores as against ₹ 152.47 Crores in the previous year.

Apart from expansion of the existing facilities, your Company is also evaluating various opportunities in the different business verticals in which it operates. In this endeavor, it is necessary to conserve the funds to meet investment opportunities, which your Board believes would enhance the shareholder's value in the long term. Accordingly, your Board has not recommended any dividend for the financial year 2010-2011.

3. EXPORTS :

Your Company has exported to 144 countries across the globe and continues to expand its reach. Your Company has maintained its presence in the International Market inspite of the Global slowdown. This year, your Company has serviced 225 export customers internationally.

The Global Economic crisis has adversely affected the International business showing negative growth to the tune of 35%. Even in these critical times your Company has retained a share of 11% out of total Indian Steel Exports. Your Company has entered into exclusive marketing and sales

arrangements with M/s. ArcelorMittal International for Africa, Middle East, Latin America and CIS countries to take advantage of their local presence and broader customer base in order to improve Sales and Profitability. The benefits of the same will accrue in the following years.

Your Company has been the recipient of the EEPC Award from the Ministry of Commerce and Industry, Government of India, for the 14th consecutive year for its outstanding exports performance.

4. DOMESTIC MARKET :

The Company has focused on the Domestic Market for the last 3 years and achieved leadership position. Domestic turnover has risen to 70% of the total sales volume in 2010-2011. A large volume of sale is now being generated from the Industrial, Construction and Trade segments. Profitability has been better in the Domestic Market due to growing economy and boom in Industrial Sector.

The volume increase in sales has been 19% compared to the same period last year. The growth in OEM segment is 21% while sale to Trade has risen by 18%.

Your Company has increased its penetration and established itself firmly in the White Goods Industry. Your Company is now a regular supplier to Value Industries (Videocon), Whirlpool, LG Electronics, Voltas, Haier Appliances, Samsung, Western Refrigeration and others. Your Company supplies to vendors who cater to esteemed customers like GE Appliances, Bajaj Electricals, LG and Carrier Aircon. There is also a major increase in business in Automobile Sector with sales to Bajaj Auto, Mahindra & Mahindra and the vendors of TATA Motors, Bajaj, General Motors, Piaggio, Fiat, Suzuki etc.

During the year, your Company has also established its 'Uttam Suraksha' GC (Galvanised Corrugated Roofing Sheets) brand firmly in the Construction segment. It is recognised as one of the major Brands in its segment in Domestic Markets like Maharashtra, Madhya Pradesh, Gujarat, Andhra Pradesh, Karnataka, Chattisgarh etc.

Your Company has also made inroads into thicker gauge GP (GP produced from the state of the art Super Galvanising Line) market by competing with Industry majors and supplying to all segments including Construction, Panel and Auto both directly and through trade channels.

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 demand for steel world over is still lean but has picked up pace in the last quarter. In India it is growing rapidly in line with the economic growth. A 14% growth in

Uttam Galva Steels Limited

to which your Company has been able to achieve good financial results.

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 more than 1500 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 compliance is annexed hereto and forms part of the Directors' Report as Annexure-III.

7. DIRECTORS :

Shri S. P. Talwar, Shri A. K. Mahendru and Shri S. G. Tudekar retire by rotation and being eligible have offered themselves for re-appointment. The Board of Directors recommends their re-appointment.

Shri Praveen Miglani, Non Executive Director, has resigned from the Directorship of the Company w.e.f. 30th May, 2011 due to pre-occupation. Your Directors wish to take this opportunity to place on record their sincere appreciation and thanks to Shri Praveen Miglani for his invaluable contribution made to the Company during his tenure as 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. Judgments 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, 2011 and of the Profit and Loss Account for the Financial Year 2010-2011 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 Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
- iv) The Annual Accounts have been prepared on a going concern basis.
- v) Proper systems are in place to ensure compliance of all laws applicable to the Company.

10. AUDITOR'S REPORT :

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

11. AUDITOR :

M/s. Prakash Muni & Associates, Chartered Accountants, the retiring Auditor is eligible for re-appointment. The Company has received necessary Certificates from the Auditor pursuant to Section 224(1B) of the Companies Act, 1956, regarding their eligibility for re-appointment. Accordingly, the approval of the Shareholders for the re-appointment of M/s. Prakash Muni & Associates, Chartered Accountants as Auditors of the Company is being sought at the ensuing Annual General Meeting. Your Board recommends the appointment of M/s. Prakash Muni & Associates, Chartered Accountants as Auditors of the Company.

12. FIXED DEPOSITS :

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

13. INSURANCE :

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

14. LISTING OF SECURITIES :

The Company's Equity Shares are Listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company's Secured, Redeemable, Non-Convertible Debentures are listed on the Wholesale Debt Market (WDM) segment of the BSE.

The Company has paid the applicable listing fees for the Financial Year 2011-2012 to BSE and NSE.

The Equity Shares of the Company have been De-listed from the Delhi Stock Exchange Association Ltd and the Foreign Currency Convertible Bonds (FCCB's) of the Company have been De-listed from the Singapore Stock Exchange.

15. DEMAT OF SECURITIES :

Nearly 89.64% of total Equity Share Capital is held in dematerialized form with NSDL/CDSL. While the Secured,

Redeemable, Non-Convertible Debentures are entirely held in dematerialized Form.

16. SUBSIDIARY COMPANY :

There are three wholly-owned Subsidiary Companies of the Company namely (I) Uttam Galva Holdings Limited in Dubai, (II) Atlantis International Services Limited in British Virgin Islands and (III) Uttam Galva Steels Netherlands B.V. in Netherlands. Further, Uttam Galva Holdings Limited has incorporated a downstream wholly owned Subsidiary Company namely Ferro Zinc International FZE in Jebel Ali Free Zone in United Arab Emirates.

Pursuant to the General Circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, the Board of Directors of the Company have accorded their consent for not attaching the accounts of the aforesaid Subsidiary Companies along with the accounts of your Company. However the financial information pertaining to all the aforesaid Companies, as required in the aforesaid Circular, is provided in the Annual Report of your Company. Also the accounts of all the aforesaid Companies are kept for inspection by any shareholders at the head office of your Company. Your Company further undertakes that the Annual Accounts of the Subsidiary Companies and the related detailed information shall be made available to shareholders of the Company on demand.

Apart from the aforesaid subsidiaries, your Company also has two joint venture Companies namely, Texturing Technology Private Limited and Moira Madhujore Coal Limited.

The Consolidated Audited Annual Accounts of your Company together with its subsidiaries and joint venture companies for the Financial Year 2010-2011 are being published pursuant to Clause 32 of the Listing Agreement.

17. DISCLOSURES :

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to 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.

18. ACKNOWLEDGEMENT:

Your Directors would like to express their appreciation to the Central, State & Local Governments, Authorities, Regulatory Bodies, Financial Institutions, Banks, Customers and the Shareholders of the Company for their continued support and co-operation.

Your Directors also place on record their sincere appreciation for the total commitment, dedication and hard work put in by every member of the Uttam Family.

For and on behalf of the Board

Place : Mumbai
Date : 30th May, 2011

Rajinder Miglani
Chairman

