



## 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 31<sup>st</sup> March, 2008.

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

PARTICULARS	Year ended	Year ended
	31 <sup>st</sup> March, 2008 (Rs. in Crores)	31 <sup>st</sup> 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 38 are new recipients of Uttam products. Your Company's average market-share in top 10 countries of exports is 0.8%. 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 Galvanised product group for the 3<sup>rd</sup> 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 Galvanised & 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





- compliance is annexed hereto and forms part of the Directors' Report as Annexure-III.
7. **DIRECTORS:**  
Shri Praveen Miglani, Shri S T Parikh and Shri Ankit Miglani, retire by rotation and being eligible have offered themselves for re-appointment. The Board of Directors recommends their re-appointment.
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, 2008 and of the Profit and Loss Account for the financial year 2007-2008 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.
10. **AUDITORS' 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. Prakkash Muni & Associates Chartered Accountants, the retiring Auditor is eligible for re-appointment.
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:**  
113,97,3443 Equity Shares of Rs. 10/- each are listed with the Stock Exchanges at Mumbai and National Stock Exchange of India, Mumbai.
- The Company has paid the listing fees for the financial year 2007-2008 to BSE, NSE and DSE. Approval for de-listing of Equity Shares is awaited from the Calcutta Stock Exchange Association Ltd.
15. **DEMAT OF SECURITIES:**  
Nearly 75.34% of total Equity Share Capital is held in dematerialized form with NSDL/CDSL.
16. **SUSIDIARY COMPANY:**  
There is one wholly-owned subsidiary Company namely MKR International Limited incorporated in British Virgin Islands as an International Business Company, the accounts of which are consolidated along with the accounts of your Company pursuant to Section 212 of the Companies Act, 1956.  
The Consolidated Audited Annual Accounts of the Company together with its Subsidiary for the Financial Year 2007-2008 are being published in the Annual Report of the Company pursuant to Clause 32 of the Listing Agreement.  
As per Section 212 of the Companies Act 1956, we are required to attach the Directors' Report, Balance Sheet, and Profit and Loss Account of the subsidiary. We have applied to the Ministry of Company Affairs for an exemption from such attachment, as we present the audited consolidated financial statement in the Annual Report. Accordingly, the Annual Report does not contain separate financial statement for this Subsidiary Company.
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 take this opportunity to express their deep gratitude to the Central, State & Local Governments, Financial Institutions and Banks for their continued support, co-operation and guidance.  
Your Directors also like to place on record their sincere appreciation for the total commitment, dedication and hard work put in by every member of the Uttam Family.  
Your Directors express their gratitude to the esteemed customers of the Company for their continued confidence and faith, which they have shown in the products and services of your Company.  
And to you our Shareholders, we are deeply grateful for the confidence and faith which you have always placed in us.
- For and on behalf of the Board
- Place : Mumbai  
Date : 30<sup>th</sup> April, 2008
- Rajinder Miglani  
Chairman & Managing Director

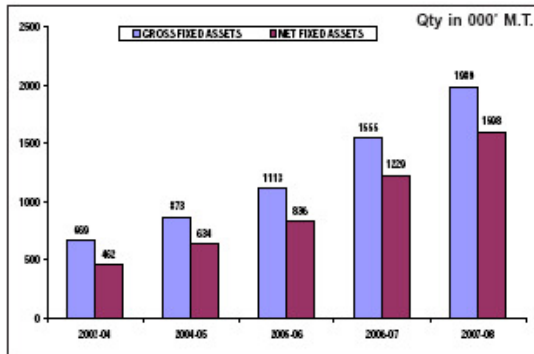
**Uttam Galva Steels Limited** .....

**FINANCIAL HIGHLIGHTS**

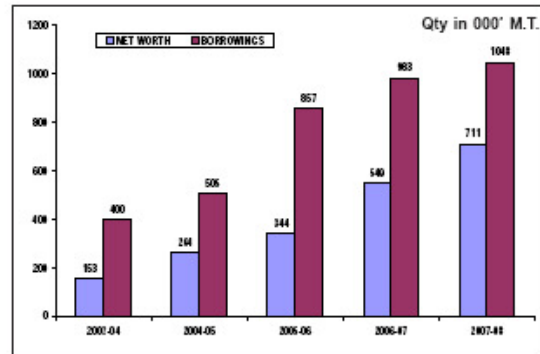
PARTICULARS	2007-08	2006-07	2005-06	2004-05	2003-04
Rs. in Crores					
<b>SALES &amp; EARNINGS</b>					
LOCAL SALES	1,706	1,224	843	714	479
EXPORT SALES	1,583	1,456	1,054	1,442	742
<b>GROSS SALES</b>	<b>3,289</b>	<b>2,680</b>	<b>1,897</b>	<b>2,156</b>	<b>1,221</b>
OTHER INCOME	2	4	10	5	4
TOTAL INCOME	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
<b>SALES &amp; OTHER INCOME (EFFECTIVE)</b>	<b>3,008</b>	<b>2,443</b>	<b>1,692</b>	<b>1,966</b>	<b>1,104</b>
MATERIAL COST (INCL. STOCK VARIATION)	2,506	2,011	1,366	1,651	874
OTHER EXPENDITURE	199	161	129	116	100
<b>PBIDT</b>	<b>303</b>	<b>271</b>	<b>197</b>	<b>199</b>	<b>130</b>
INTEREST	114	109	77	64	74
<b>PROFIT BEFORE DEPRECIATION &amp; TAX (PBDT)</b>	<b>189</b>	<b>162</b>	<b>120</b>	<b>135</b>	<b>56</b>
DEPRECIATION	65	49	38	32	30
PROFIT BEFORE TAX (PBT)	124	113	82	103	26
<b>PROFIT AFTER TAX (PAT)</b>	<b>124</b>	<b>113</b>	<b>74</b>	<b>95</b>	<b>24</b>
CASH ACCRUALS	189	162	112	127	54
<b>ASSETS &amp; LIABILITIES</b>					
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
<b>REPRESENTED BY</b>					
<b>NET WORTH</b>	<b>711</b>	<b>549</b>	<b>344</b>	<b>264</b>	<b>153</b>
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
<b>LONG TERM SECURED</b>	<b>784</b>	<b>683</b>	<b>448</b>	<b>388</b>	<b>301</b>
UNSECURED	218	220	197	7	23
SHORT TERM	46	80	212	110	76
TOTAL FUNDS	1,759	1,532	1,201	769	553
<b>RATIOS</b>					
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



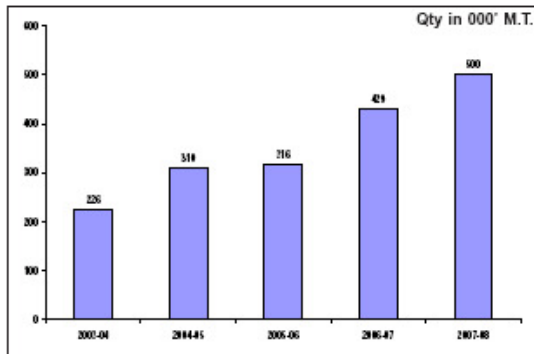
## FINANCIAL HIGHLIGHTS



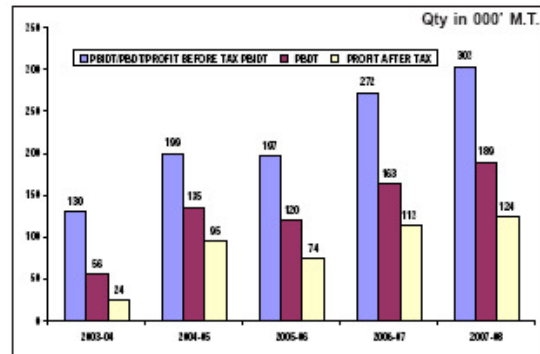
FIXED ASSETS



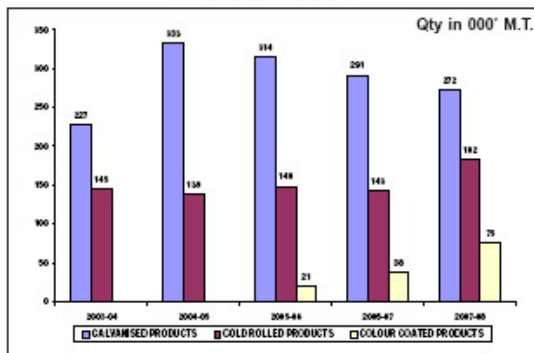
NETWORTH AND BORROWINGS



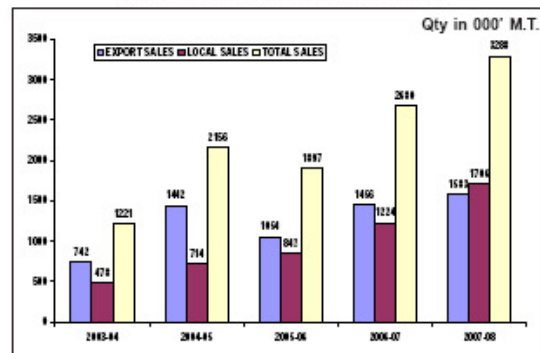
VALUE ADDITION



PBIDT/PBDT/PROFIT AFTER TAX



SALEABLE PRODUCTION



TOTAL SALES







**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2008**

	Schedule	As at 31.03.2008 Rupees Crores	As at 31.03.2007 Rupees Crores
<b>INCOME</b>			
<b>Sales</b>			
Local		1705.58	1224.07
Export		1582.89	1455.83
<b>Gross Sales</b>		3288.47	2679.90
Less: Excise Duty		(132.63)	(104.81)
		3155.84	2575.29
<b>Other Income</b>			
Operational	I	-	2.40
Non Operational		2.11	2.00
		2.11	4.40
<b>TOTAL</b>		3157.95	2579.69
<b>EXPENDITURE</b>			
Materials Cost	J	2609.66	1958.38
(Increase) / Decrease in Stock	J	(104.06)	54.24
Other Manufacturing Expenses	K	144.71	118.33
Selling & Distribution Expenses	L	150.16	135.85
Payment to Employees	M	33.29	28.42
Administrative Expenses	N	21.22	14.74
		2854.98	2307.94
<b>Profit before Interest &amp; Depreciation</b>		302.97	271.75
Interest & Financial Charges (Net)	O	113.88	109.25
Profit / (Loss) before Depreciation		189.09	162.50
Depreciation		64.76	49.02
<b>Profit / (Loss) before Tax</b>		124.33	113.48
Less: Provision for Tax - MAT		14.09	12.91
Add: MAT Credit Entitlements		14.09	12.88
Less: Provision for Fringe Benefit Tax		0.46	0.37
<b>Profit / (Loss) after Tax</b>		123.87	113.06
Add: Balance carried forward from earlier years		301.13	182.70
<b>Profit / (Loss) available for Appropriations</b>		425.00	295.76
Appropriated as under: (i) Credits/(Debits) pertaining to prior years - Taxes		0.00	8.87
(ii) Balance Transferred to Capital Redemption Reserve		1.50	1.50
<b>Balance Carried to Balance Sheet</b>		423.50	301.13
Basic Earnings Per share (in Rs.)		11.63	13.52
Diluted Earnings Per share (in Rs.)		8.83	8.96
<b>ACCOUNTING POLICIES &amp; NOTES TO ACCOUNTS</b>	P		

As per my report attached

For and on behalf of the Board

**For Prakash Muni & Associates**  
Chartered Accountants

**Rajinder Miglani**  
Chairman & Managing Director

**Praveen Miglani**  
Director

**Prakash R. Muni**  
Proprietor  
Membership No. 30544

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

Place : Mumbai  
Dated : 30<sup>th</sup> April, 2008

