

24th
Annual Report
2008 - 2009

UTTAM GALVA STEELS LIMITED

**BOARD OF DIRECTORS**

RAJINDER MIGLANI	:	CHAIRMAN & MANAGING DIRECTOR
PRAVEEN MIGLANI	:	DIRECTOR
S. P. TALWAR	:	ADDITIONAL DIRECTOR
P. G. KAKODKAR	:	DIRECTOR
S. T. PARIKH	:	DIRECTOR
DR. N. S. DATAR	:	DIRECTOR
V. D. SHINDE	:	DIRECTOR (NOMINEE - IDBI)
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

**SR. VICE PRESIDENT
& COMPANY SECRETARY**

R. K. AGRAWAL

BANKERS

STATE BANK OF INDIA
CANARA BANK
PUNJAB NATIONAL BANK
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

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

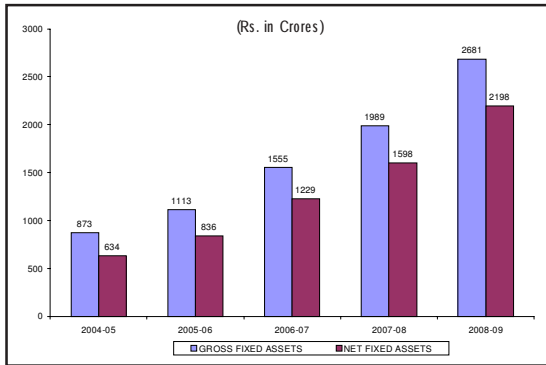
- Integrity** : Honouring all commitments
Value for Time : Business at supersonic speed
Ethics : Ethical business practices with
all stakeholders



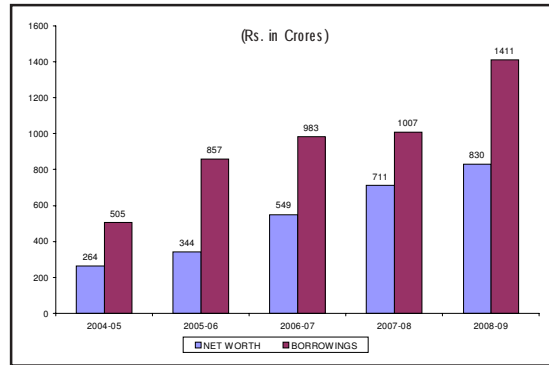
5 YEARS' HIGHLIGHTS

PARTICULARS	2008-09	2007-08	2006-07	2005-06	2004-05
SALES & EARNINGS					
					Rs. in Crores
LOCAL SALES	2164	1706	1224	843	714
EXPORT SALES	2346	1583	1456	1054	1442
GROSS SALES	4510	3289	2680	1897	2156
OTHER INCOME	0	2	4	10	5
TOTAL INCOME	4510	3291	2684	1907	2161
LESS: CENTRAL EXCISE DUTY	138	133	105	109	64
LESS: SELLING & DISTRIBUTION EXPENSES	198	150	136	106	131
SALES AND OTHER INCOME (EFFECTIVE)	4174	3008	2443	1692	1966
MATERIAL COST (INCL. STOCK VARIATION)	3541	2506	2011	1366	1651
OTHER EXPENDITURE	274	199	161	129	116
PBIDT	359	303	271	197	199
INTEREST	166	114	109	77	64
PROFIT BEFORE DEPRECIATION & TAX (PBDT)	194	189	162	120	135
DEPRECIATION	92	65	49	38	32
PROFIT BEFORE TAX	101	124	113	82	103
PROFIT AFTER TAX	100	124	113	74	95
CASH ACCRUALS	192	189	162	112	127
ASSETS & LIABILITIES					
FIXED ASSETS : GROSS	2681	1989	1555	1113	873
: NET	2198	1598	1229	836	634
TOTAL ASSETS : NET	2241	1718	1532	1201	769
REPRESENTED BY					
NET WORTH	830	711	549	344	264
SHARE CAPITAL – EQUITY	114	114	105	83	80
– PREFERENCE	0	2	3	5	5
EQUITY SHARE CAPITAL SUSPENSE ACCOUNT/ SHARE APPLICATION MONEY	6	0	0	0	1
RESERVES	710	595	441	256	178
BORROWINGS	1411	1007	983	857	505
LONG TERM – SECURED	1073	784	683	448	388
– UNSECURED	333	177	220	197	7
SHORT TERM	5	46	80	212	110
TOTAL FUNDS	2241	1718	1532	1201	769
RATIOS					
EARNING PER EQUITY SHARE RS.	8.36	11.63	13.52	9.13	12.57
BOOK VALUE PER EQUITY SHARE RS	69.24	62.21	51.90	40.65	32.33
DEBT: EQUITY RATIO @	1.29:1	1.10:1	1.24:1	1.30:1	1.47:1

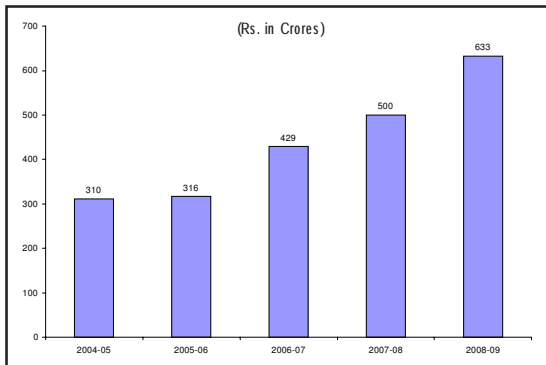
FINANCIAL HIGHLIGHTS



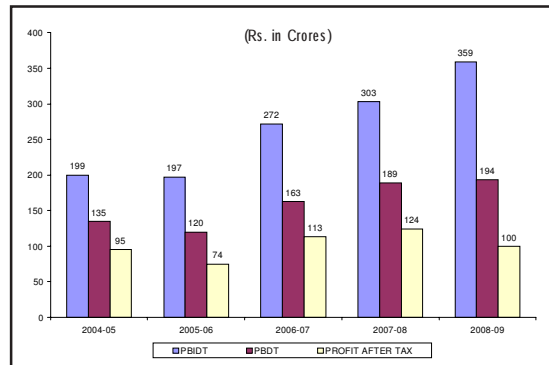
FIXED ASSETS



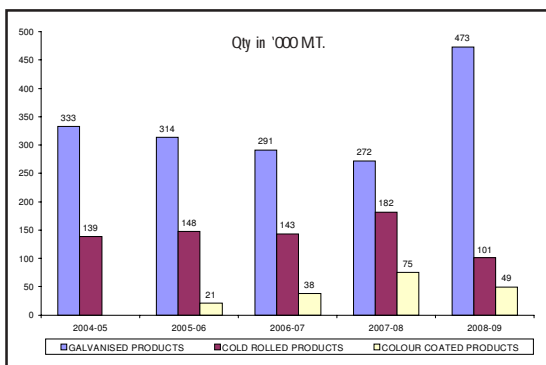
NETWORTH AND BORROWINGS



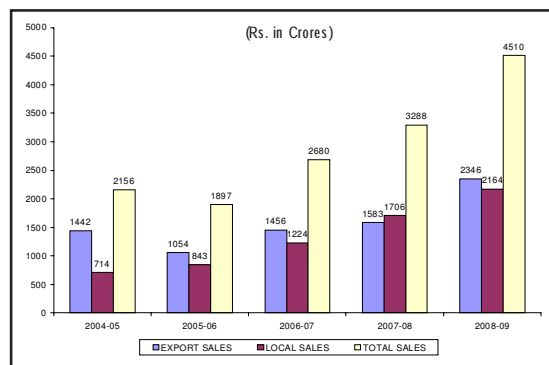
VALUE ADDITION



PBIDT/PBDT/PROFIT AFTER TAX



SALEABLE PRODUCTION



TOTAL SALES



NOTICE

NOTICE is hereby given that the **24th ANNUAL GENERAL MEETING** of the Members of the Company will be held at 11:00 a.m. on Saturday, the 26th September, 2009 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, 2009 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 Rajinder Miglani, 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 as the Statutory Auditor for the Financial Year 2009-10, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 25th Annual General Meeting and to authorize the Board of Directors to decide his 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** Shri S. P. Talwar who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 with effect from conclusion of the meeting of the Board of Directors held on 9th May, 2009 and who holds office as such up to the date of 24th Annual General Meeting and in respect of whom notice u/s 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri S. P. Talwar as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company.”

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, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any 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 Ankit Miglani as Director (Commercial) of the Company for the further period of 3 years with effect from 29th July, 2008:

a) Remuneration:-

Rs. 10,00,000/- per month 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 Director (Commercial), the aforesaid remuneration will be treated as minimum remuneration subject to approval of Central Government, if required.

- d) Company shall pay to or reimburse the Director (Commercial) 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

Uttam Galva Steels Limited

vary, alter or modify the different components of the above stated remuneration in accordance with provisions of Schedule XIII to the Companies Act, 1956 as may be agreed to by the Board of Directors and Shri Ankit Miglani.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps, actions 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 the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any 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 A. K. Mahendru as Director (Sales & Marketing) of the Company for the further period of 3 years with effect from 28th October, 2008:

(a) Remuneration:-

Rs. 3,00,000/- per month by way of salary, perquisites and other allowances.

(b) Benefits:-

- i. Contribution to Provident Fund and Superannuation Fund as per the 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 Director (Sales & Marketing), the aforesaid remuneration will be treated as minimum remuneration subject to approval of Central Government, if required.

- (d)** Company shall pay to or reimburse the Director (Sales & Marketing) 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.

- (e)** The above appointment may be terminated at any time by giving 60 days notice by either party.

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 provisions of Schedule XIII to the Companies Act, 1956 as may be agreed to by the Board of Directors and Shri A. K. Mahendru.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps, actions as may be necessary, proper and expedient to give effect to this Resolution.”

9. 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 Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any 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 S. G. Tudekar as Director (Works) of the Company for the further period of 3 years with effect from 28th October, 2008:

(a) Remuneration:-

Rs. 3,00,000/- per month by way of salary, perquisites and other allowances.

(b) Benefits:-

- i. Contribution to Provident Fund and Superannuation Fund as per the 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 Director (Works), the aforesaid remuneration will be treated as minimum remuneration subject to approval of Central Government, if required.
- (d) Company shall pay to or reimburse the Director (Works) 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.
- (e) The above appointment may be terminated at any time by giving 60 days notice by either party.

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 provisions of Schedule XIII to the Companies Act, 1956 as may be agreed to by the Board of Directors and Shri S. G. Tudekar.

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

10. Alteration of Articles of Association in respect of "Remuneration to Directors by way of Sitting Fees".

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 Article 21 of the Articles of Association of the Company be and is hereby deleted and substituted by the following Article 21."

Article 21

REMUNERATION TO THE DIRECTORS

Each Director other than a Managing Director and Whole time Directors shall be entitled to receive out of the funds of the Company for his services in

attending meetings of the Board or a Committee thereof, such sum as may be determined by the Board from time to time within the maximum limits prescribed from time to time by the Central Government pursuant to the first proviso to Section 310 of the Act. In addition to this the Directors may subject to the Act, allow and pay to any Director who is not a resident of the place where the Registered Office of the Company is situated or where the meeting of the Board is ordinarily held and who shall come to such place for the purpose of attending a meeting of the Board or a Committee thereof, such sum as Directors may consider reasonable for travelling, hotel and other expenses.

11. Alteration of Articles of Association in respect of "Nominee 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 Article 29 of the Articles of Association of the Company be and is hereby deleted and substituted by the following Article 29."

Article 29

NOMINEE DIRECTOR

a) Notwithstanding anything to the contrary contained in these Articles, so long as any monies remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit & Investment Corporation of India Limited (ICICI Bank), The Industrial Reconstruction Bank of India Limited (IRBI), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), General Insurance Corporation of India (UTI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NICL), The New India Assurance Company Limited (NIA), United India Insurance Company Limited (UII), Infrastructure Development Finance Company Limited (IDFC) or State Financial Corporation or any Bank, Financial Institution or NBFC (each of the above is hereinafter in this article referred to as "The Lenders") out of any loans / debentures assistance granted by them to the Company or so long as the Lenders holds or

Uttam Galva Steels Limited

- continues to hold Debenture / Shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any guarantee furnished by the Lenders on behalf of the Company remains outstanding, the Lenders shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole time (which Director as Directors, is / are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place(s).
- b) The Board of Directors of the Company shall have no power to remove them from office of the Nominee Director(s). At the option of the Lenders such Nominee Director(s) shall not be required to hold any share qualification in the Company. Also at the option of the Lenders such Nominee Director shall not be entitled to retire by rotation of Directors. The Company agrees that if the Board of Directors of the Company has constituted or propose to constitute any Management Committee or other Committee(s) it shall if so required by the Lenders, include the Nominee Directors as a member of such Management Committee or other Committee(s). Subject as aforesaid, the Nominee Director(s) shall be entitled to the same rights and privileges and be subject to same obligations as any other Director of the Company.
- c) The Nominee Director(s) so appointed shall hold the said office only so long as any monies remain owing by the Company to the Lenders or so long as the Lenders holds or continues to hold Debenture/Shares in the Company as a result of undersriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding and the Nominee Director(s) so appointed in exercise of the said power shall ipso facto vacate such office immediately the monies owing by the Company to the Lenders are paid off or on the Lenders ceasing to hold Debentures / Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Lenders.
- d) The Nominee Director(s) appointed under this Article shall be entitled to receive all Notices of
- and attend all General Meeting, Board Meetings and of the Meetings of the Committee of which the Nominee Director(s) is / are member(s) as also the minutes of such Meetings. The Lenders shall also be entitled to receive all such Notices and minutes.
- e) The Nominee Director(s) shall be entitled to the same sitting fees, commission, remuneration and expenses as are applicable to other Directors of the Company. The Company shall pay the sitting fees and other expenses to the Nominee Director(s) directly, but the commission, remuneration or other monies and fees to which the Nominee Director(s) is entitled shall accrue to the Lenders and shall accordingly be paid by the Company directly to the Lenders.
- f) Provided that, if any, such Nominee Director(s) is an officer of the Lenders, the sitting fees in relation to such Nominee Director(s) shall also accrue to the Lenders and the same shall accordingly be paid by the Company directly to the Lenders.
- g) Any expenses that may be incurred by the Lenders or such Nominee Director(s) in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Lenders or as the case may be, to such Nominee Director(s).
- h) Provided also that in the event of the Nominee Director(s) being appointed as Whole time Director(s) such Nominee Director(s) shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercise or available to a Whole time Director in the management of the affairs of the Company. Such Whole time Director(s) shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Lenders.

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

Registered Office:

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

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

Date: 27th August, 2009



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 u/s 173(2) of the Companies Act, 1956 in respect of item No. 6 to 11 of the Notice is annexed hereto.
3. Register of Members and Share Transfer Books of the Company shall remain closed from 15th September, 2009 to 26th September, 2009 (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 atleast 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, National Stock Exchange of India, Mumbai and at Singapore Stock Exchange.
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 S. P. Talwar is BA., L.L.B. and Certified Associate of the Indian Institute of Bankers. He has an experience of more than 40 years in operational and policy formulation in Commercial & Central Banking. He has served as the 'Chairman and Managing Director' of renowned Banks such as Bank of Baroda, Union Bank of India and Oriental Bank of Commerce. He has also held the coveted position of Deputy Governor of RBI from 1994 to 2001.

He was appointed as Additional Director with effect from 9th May, 2009, in accordance with provisions of Section 260 of the Companies Act, 1956, and therefore he holds the office upto the Date of 24th Annual General Meeting. None of the Directors except Shri S. P. Talwar is in any way concerned or interested in this Resolution.

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

Item No. 7

Shri Ankit Miglani was appointed as the Director (Commercial) of the Company for the period of three years, which expired on 28th July, 2008. The Board of Directors of the Company, at their meeting held on 31st July, 2008, resolved to re-appoint Shri Ankit Miglani as the Director (Commercial) for the further period of three years, commencing from 29th July, 2008 to 28th July, 2011 on terms and conditions as set out in the Ordinary Resolution at Item No. 7.

He is a Graduate in Economic with specialization in Finance from Wharton School, University of Pennsylvania, Philadelphia, U.S.A. Presently, he is looking after all the main Commercial functions such as Finance & Accounts, International Marketing and Purchase of Critical Raw Materials. He joined the Board on 29th July, 2005.

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

Shri Ankit Miglani is interested or concerned in this Resolution. Shri Rajinder Miglani, Shri Praveen Miglani and Shri Anuj Miglani are also concerned or interested in this Resolution being the relatives of Shri Ankit Miglani. None of the other Directors are in any way concerned or interested in this Resolution.

Uttam Galva Steels Limited

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

Item No. 8

Shri A. K. Mahendru was appointed as the Director (Sales & Marketing) of the Company for the period of three years, which expired on 27th October, 2008. The Board of Directors of the Company, at their meeting held on 31st October, 2008, resolved to re-appoint Shri A. K. Mahendru as the Director (Sales & Marketing) for the further period of three years, commencing from 28th October, 2008 to 27th October, 2011 on terms and conditions as set out in the Ordinary Resolution at Item No. 8. He is B.Tech, FIE & MIMA and joined the Company in 1995 and was elevated to as Executive Director of the Company w.e.f. 01-04-1999 and has been looking after the Marketing and Sales of the Company. He has over 40 years of experience in Steel Industry. He joined the Board on 28th October, 2005.

The terms of re-appointment of Shri A. K. Mahendru, as set out in the Ordinary Resolution at Item No. 8, should also be treated as the abstract u/s 302 of the Companies Act, 1956.

None of the Directors except Shri A. K. Mahendru is in any way concerned or interested in this Resolution.

The Board accordingly recommends the resolution set out in Item No. 8 for the approval of the Members.

Item No. 9

Shri S. G. Tudekar was appointed as the Director (Works) of the Company for the period of three years, which expired on 27th October, 2008. The Board of Directors of the Company, at their meeting held on 31st October, 2008, resolved to re-appoint Shri S. G. Tudekar as the Director (Works) for the further period of three years, commencing from 28th October, 2008 to 27th October, 2011 on terms and conditions as set out in the Special Resolution at Item No. 9. Since he has completed 70 years of age, hence **Special Resolution** is proposed in terms of the provisions of Schedule XIII to the Companies Act, 1956.

He is Graduate Engineer in "Metallurgy" from Pune University. He got experience of 46 years in Steel Industry. He joined the Company in 1998 as President (Works-Donvat & PRC) and was elevated to as Executive Director w.e.f. 01-04-2000. He joined the Board on 28th October, 2005.

The terms of re-appointment of Shri S. G. Tudekar, as set out in the Special Resolution at Item No. 9, should also be treated as the abstract under Section 302 of the Companies Act, 1956.

None of the Directors except Shri S. G. Tudekar is in any way concerned or interested in this Resolution.

The Board accordingly recommends the Resolution set out in Item No. 9 for the approval of the Members.

Item No. 10

Article 21 of the Articles of Association of the Company provides the payment of sitting fees to Directors other than a Managing Director and whole time Director of the Company.

The Rules framed u/s 310 of the Companies Act, 1956, currently permits the payment of Sitting Fees to the Directors not exceeding Rs. 20,000/-, in case of a Company having Paid-Up Capital and Free Reserves of Rs. 10 Crores or above or a turnover of Rs. 50 Crores and above. In view of the above, it is necessary for the Company to amend the present Article 21 and enabling provisions of the rules as may be framed u/s 310 of the Companies Act, 1956, Authorising the Company to make the payment of sitting fees to Directors other than Managing Director and Whole time Director.

All the Directors other than Managing Director and Whole time Directors would be deemed to be interested in this Resolution.

The Board accordingly recommends the Resolution set out in Item No. 10 for the approval of the Members.

Item No. 11

Due to ongoing expansion of the Company, the Company needs to avail various Credit Facilities / Loans from various Banks, Financial Institutions, NBFC's etc.

As per the interpretation of some of the Financial Institutions / Banks, the current Article No. 29 of the Articles of Association of the Company does not cover the appointment of Representatives of all the Banks / Financial Institutions, who are providing financial assistance to the Company, as the Nominee Director. Therefore, the approval of the Shareholders of the Company is being sought for the present amendment of the Articles of Association of the Company to provide powers to the Banks / Financial Institutions / NBFC's to appoint their representatives as Nominee Directors on Board the Company.

None of the Directors are concerned or interested in this Resolution. The Board accordingly recommends the Special Resolution set out in item No. 11 for the approval of the Members.

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

Registered Office:

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

R. K. Agrawal

Sr. Vice President & Company Secretary

Date: 27th August, 2009



DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting the Twenty Fourth Report on the business and operations of the Company along with the Audited Statement of Accounts for the Financial Year ended 31st March, 2009.

1. FINANCIAL RESULTS (Stand Alone Basis):

PARTICULARS	Year ended 31 st March, 2009 (Rs. in Crores)	Year ended 31 st March, 2008 (Rs. in Crores)
Gross Sales	4509.75	3288.47
Gross Profit before Depreciation and Interest	359.36	302.97
Less: Interest & Financial Charges	165.63	113.88
Cash Profit	193.73	189.09
Less: Depreciation	92.37	64.76
Profit before Tax	101.36	124.33
Less: Provision for Tax	12.04	14.55
Add: MAT Credit Entitlement	10.85	14.09
Profit after tax	100.17	123.87
Balance Carried to Balance Sheet	522.17	423.50

2. OPERATIONS:

Your Company has achieved a turnover of Rs. 4509.75 Crores as against Rs. 3288.47 Crores in the previous year. Your Company has recorded Profit Before Tax of Rs. 101.36 Crores as against Rs. 124.33 Crores in the previous year. Your Company has recorded the highest ever Sales Turnover during the year.

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

3. EXPORTS:

Your Company has exported to 140 countries across the Globe & continues to expand its wings. This year, your Company has serviced 333 export customers across the world, of which 81 are new recipients of Uttam products.

In spite of global slowdown and severe deterioration of apparent demand, our long term customer base has been maintained globally and your Company has exported its highest ever quantity (in excess of 4,20,000 MT) in the Financial Year 2008-09.

Your Company has registered growth in exports to Europe by 50% & to USA by 27% mainly due to change in product mix which came out of the new 64" Super Galvanizing Line (SGL).

SGL has widened the scope of customers/segments and your Company is now one of major players in most Developed International markets as well as for supplies to strategic buyers from Pre Engineering Building, White Goods, Building & Construction segments.

Your Company has been awarded for 12th consecutive year by EEPC for its outstanding exports performance.

4. DOMESTIC MARKET:

In the domestic market the volume increase in sales has been 23% compared to sales in the same period last year.

Your Directors are pleased to inform you that your Company continues its presence & goodwill with reputed customers such as Bajaj Auto, Force Motors, ACME Tele Power, Godrej & Boyce, BHEL, MRPL, Tata Bluescope, Zamil & others as is evident from regularity of OEM business

Your Company has been fully successful with the white goods industry during the year and is now the regular supplier to Value Industries (Videocon), Whirlpool, LG Electronics, Voltas, Hair Appliances etc & the vendors to customers like GE Appliances, Bajaj Electricals, LG etc. Your Company also continues to supply the vendors of TATA Motors, General Motors, Piaggio, Volkswagon, Fiat etc.

During the year, your Company successfully continued supply of Galvanised roofing sheets and thicker gauge GI coils to all segments including Auto Grade Galvanized Steel in blank sizes to companies like Force Motors as well as colour coated coils/sheets to the Indian roofing industry.

The segments supplied included Construction, Telecon shelters, Bus body building & appliances, PEBs, Agricultural implements etc.

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 entire world is facing the economic downturn and your Company cannot be isolated from this situation. However, your Company is fortunate that due to its flexibility with regard to change in product & market mix it is able to tide over this difficult time. Across the world, most of the steel mills have curtailed their capacity by around 50% since Sept/Oct 2008 but your Company is utilizing all capacity to its fullest level by ensuring proper market and product mix of Domestic & International markets.

b) Opportunities & threats

Your Company secured good opportunity from the Indian Domestic market as well as in Exports to East Europe, Middle East & Africa where lot of infrastructure projects are expected which will result in good demand of steel.

However, there exists threat with regard to short supply of raw material (mainly due to limited producers offering raw

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material) & non-tariff barriers like safe guard duties being considered to be imposed by Indian Government discouraging import of raw material at International price levels which is low compared to Domestic prices.

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 of steel industry looks difficult. Domestic steel consumption is expected to rise with Indian Government's projection of average 6% GDP Growth. In spite of high growth in domestic consumption, we are still facing an over capacity in the domestic industry due to high export dependence (historically) of Indian Flat Steel Industry coupled with a lot of new capacity becoming available.

The global economic meltdown is expected to negatively impact global steel consumption and will certainly impact your Company. Uttam has geared up to continuously enhance value addition, volume and diversity of product mix to sustain performance in spite of the difficult global situation.

e. Risks and Concerns

Your Company has appointed M/s. KPMG to carry out a study of risks involved in our business. Your Company is continuously evolving and improving 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 compliance is annexed hereto and forms part of the Directors' Report as Annexure-III.

Ministry of Corporate Affairs, Government of India has sought certain information u/s 234 of the Companies Act, in respect of the financial year 2006-07 and also issued an order for inspection of Books of Accounts of the Company u/s 209A of the Companies Act, 1956, which is in progress.

7. DIRECTORS:

Shri S. P. Talwar has joined the Board of your Company effective from 9th May, 2009 as an Additional Director of the Company. With his induction on the Board of Directors the Company will be benefitted by his vast experience of 40 years in operational and policy formulation in Commercial and Central Banking.

Shri Ankit Miglani was re-appointed as Director (Commercial) of the Company for the period of 3 years from 29th July, 2008 to 28th July, 2011. Shri A. K. Mahendru and Shri S. G. Tudekar were re-appointed as Director (Sales & Marketing) and Director (Works) of the Company respectively for the period of 3 years from 28th October, 2008 to 27th October, 2011.

Shri Rajinder Miglani, 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.

ICICI Bank Limited has withdrawn the nomination of Shri Kishor Naik as their Nominee Director from the Board effective from 8th April, 2009 in terms of facility agreement (s) entered with the Company. Your Directors wish to take this opportunity to place on record their sincere appreciation and thanks to Shri Kishor Naik 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 u/s 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:

- 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 31st March, 2009 and of the Profit and Loss Account for the Financial Year 2008-2009 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. 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.

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 has paid the listing fees for the Financial Year 2008-2009 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 86.21% of total Equity Share Capital is held in dematerialized form with NSDL/CDSL.

16. MERGER OF POWER DIVISION OF SHREE UTTAM STEEL AND POWER LIMITED (SUSPL) WITH THE COMPANY:

The Power Division of Shree Uttam Steel and Power Limited (SUSPL) has been merged with the Company. The Scheme of Arrangement was sanctioned by the Hon'ble High Court of Judicature at Bombay vide Order dated August 7, 2009 and by the Hon'ble High Court of Bombay, Goa Bench vide Order dated August 17, 2009. The Scheme became effective on August 21, 2009, the Appointed Date of the Scheme being April 1, 2008. The merger of Power Division of SUSPL with the Company is in the interests of maximizing the overall shareholder value.

For this purpose the Court Convened Meeting of shareholder was held on 6th June, 2009, wherein the Resolution for the approval of Scheme of Arrangement (Demerger) was passed with overwhelming majority.

58,74,760 Fully Paid Equity Shares of Rs. 10/- each of the Company are to be issued to the shareholders of SUSPL (i.e. 51,25,000 Equity Shares to Equity Shareholders and 7,49,760 Equity Shares to Redeemable Preference Shareholders) without payment being received in cash. Pending allotment, the face value of such shares has been shown as 'Equity Share Capital Suspense Account.'

17. SUBSIDIARY COMPANY:

During the year the Company has disinvested its entire shareholding in MKR International Limited, a wholly owned subsidiary incorporated in British Virgin Island and hence MKR International Limited is no longer a subsidiary of the Company. However, the Company has incorporated one wholly-owned subsidiary Company namely Uttam Galva Holdings Limited in United Arab Emirates as International Business Company, the accounts of which are attached along with the accounts of your Company pursuant to Section 212 of the Companies Act, 1956. 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 on 23rd October, 2008, the accounts of which will be consolidated in the next financial year of the Company.

The Audited Annual Account of the Uttam Galva Holdings Limited along with Consolidated Audited Annual Accounts of the Company for the Financial Year 2008-2009 are being published in the Annual Report of the Company pursuant to Clause 32 of the Listing Agreement.

18. 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.

19. 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 : 27th August, 2009

Rajinder Miglani
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - I

Information pursuant to Section 217(1)(e) of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 2009.

PARTICULARS	Year Ended As at 31.03.2009	Year Ended As at 31.03.2008
A. POWER & FUEL CONSUMPTION		
1A. Electricity (Purchased)		
a. CGL Unit : Unit (KWH)	51384811	29251122
Total amount (Rs. in Crores)	25.29	13.68
Rate/Unit (Rs.)	4.92	4.68
b. CRM Unit : Unit (KWH)	101013656	100238747
Total amount (Rs. in Crores)	50.50	46.33
Rate/Unit (Rs.)	5.00	4.62
c. CCL Unit : Unit (KWH)	4443281	5217622
Total amount (Rs. in Crores)	2.13	2.35
Rate/Unit (Rs.)	4.79	4.50
1A. Electricity (D. G. Set)		
Unit (KWH)	82769	90179
Total amount (Rs. in Crores)	0.26	0.12
Rate/Unit (Rs.)	30.81	13.31
2. Coal	NIL	NIL
3. Furnace Oil/Heating Oil		
Qty (KL)	5042.22	3417.14
Total amount (Rs. in Crores)	10.94	7.24
Average Rate (Per KL Rs.)	21691	21187
4. Others		
a. HSD/LDO : Qty (KL)	1049.96	2457.92
Total amount (Rs. in Crores)	3.47	7.23
Average Rate (Per Litre Rs.)	33.00	29.42
b. LPG/Propane Gas : Qty (MT)	14437.52	11095.09
Total amount (Rs. in Crores)	57.04	38.38
Average Rate (Per MT Rs.)	39.51	34.59
B. CONSUMPTION PER UNIT OF PRODUCTION		
Product:		
a. Galvanised Plain/Corrugated : Sheets/Coils(MT)	524751	338385
Electricity(KWH)	98.08	86.71
HSD/LDO(KL)	0.01	0.00
LPG/Propane Gas (MT)	0.03	0.02
b. Cold Rolled : Sheets/Coils (MT)	606982	513985
Electricity (KWH)	166.42	195.02
HSD/LDO (KL)	0.01	0.02
LPG (MT)	0.02	0.02
c. Color coated : Sheets/Coils (MT)	49490	74710
Electricity (KWH)	89.78	69.84
HSD/LDO (KL)	0.12	0.03
LPG (MT)	0.29	0.15
C. TECHNOLOGY ABSORPTION:		
The Company has fully absorbed the technology.		
D. FOREIGN EXCHANGE EARNINGS & OUTGO:	(Rs. In Crores)	(Rs. In Crores)
Earnings (FOB Value) : Exports	2227.88	1510.26
Outgo (Cost & CIF Value) :	1580.05	1493.07
1. Raw Material Imported		
2. Import of Plant & Machinery	59.48	16.65
3. Import of Stores & Spares	6.46	10.00
4. Expenditure on travelling	1.12	0.91
5. ECB interest cost and associated Legal fee	60.59	32.28
6. Commission & Freight on Export	67.31	36.94



ANNEXURE - II

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 (As amended) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009.

Employed for Full Year :

Name	Age (Years)	Designation/ Nature of Duties	Remuneration (Rs. in Lacs)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment/ Last Designation	Number of shares held (%)
Shri Rajinder Miglani	63 Years	Chairman & Managing Director	68.58	Graduate	43 Years	31.12.1988	N.A	10,40,995 (0.91)
Shri Anuj Miglani	35 Years	Dy. Managing Director	42.00	Mechanical Engineer from Imperial Colledge, London	14 Years	01.02.1995	N.A	13,57,500 (1.19)
Shri Ankit Miglani	30 Years	Director (Commercial)	42.00	Graduate in Economics from Wharton School, U.S.A.	8 Years	29.01.2003	N.A	9,12,500 (0.80)
Shri A. K. Mahendru	64 Years	Director (Sales & Marketing)	25.35	B. Tech, FIE, MIMA	40 Years	08.08.1995	Jindal Saw Pipes Ltd. – Sr. VP (Commercial)	Nil
Shri L. C. Mehta	59 Years	Executive Director (Operations)	25.04	M Tech. (Mech.), M.B.A. (Finance)	30 Years	08.12.2003	Rama Phosphates Limited (President)	Nil

Notes:

1. The above appointments except of Shri L. C. Mehta are contractual.
2. Remuneration includes salary, bonus, Company's contribution to Provident Fund/Gratuity Fund/Superannuation Fund and value of perquisites on the basis of Income Tax Rules.
3. Shri Rajinder Miglani is the brother of Shri Praveen Miglani, Director, and father of Shri Anuj Miglani – Dy. Managing Director and Shri Ankit Miglani – Director (Commercial) of the Company.
4. Shri Anuj Miglani is the son of Shri Rajinder Miglani and brother of Shri Ankit Miglani.
5. Shri Ankit Miglani is the son of Shri Rajinder Miglani and brother of Shri Anuj Miglani.

ANNEXURE – III
REPORT ON CORPORATE GOVERNANCE

1. THE COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company has incorporated sound Corporate Governance practices. The Company has all along believed in and practiced fair business and corporate practices with all its stakeholders and associates. The Board of Directors has always had adequate competent Independent Directors. For effective discharge of its functions and proper deliberations, Board has constituted various committees.

Given below is the report of Directors on the practices prevalent on Corporate Governance in the Company.

2. BOARD OF DIRECTORS:

i. Composition of the Board and details of Directorship(s) in other Companies:

Your Company’s Board comprises of 12 Directors with considerable experience in their respective fields. Of these 7 are Non-Executive Directors and out of these 6 are Independent Directors. The details of the Directors with regard to their other Directorship (excluding Private Limited Companies and Section 25 Companies) and Committee Positions are as follows:

Sr. No.	Name of Directors	Executive/Non-Executive/Independent	No. of other Directorships	Chairman of the Board	Board Committees of which he is a member	Chairman of the Committee
1.	Shri Rajinder Miglani	Chairman & Managing Director	8	–	–	–
2.	Shri Praveen Miglani	Non-Executive	1	–	–	–
3.	Shri S. P. Talwar (Appointed as Additional Director on 09.05.2009)	Independent	13	–	9	5
4.	Shri P. G. Kakodkar	Independent	9	2	7	3
5.	Shri S. T. Parikh	Independent	1	–	–	–
6.	Dr. N. S. Datar	Independent	4	–	3	–
7.	Shri Kishor Naik (Nomination withdrawn on 08.04.2009)	Independent (Nominee of ICICI)	–	–	–	–
8.	Shri S. R. Krishnaswamy	Independent (Nominee of LIC)	–	–	–	–
9.	Shri V. D. Shinde	Independent (Nominee of IDBI)	–	–	–	–
10.	Shri Anuj Miglani	Dy. Managing Director	6	–	–	–
11.	Shri Ankit Miglani	Director (Commercial)	7	–	–	–
12.	Shri A. K. Mahendru	Director (Sales & Marketing)	–	–	–	–
13.	Shri S. G. Tudekar	Director (Works)	–	–	–	–



ii. Attendance of each Director at the Board Meeting during the Financial Year 2008-2009 and the last AGM:-

Sr. No.	Name of the Directors	Attendance at Board Meetings	Attendance at last AGM
1.	Shri Rajinder Miglani	4	Yes
2.	Shri Praveen Miglani	4	Yes
3.	Shri P. G. Kakodkar	3	No
4.	Shri S. T. Parikh	3	No
5.	Dr. N. S. Datar	4	Yes
6.	Shri S. R. Krishnaswamy	4	Yes
7.	Shri Kishor Naik (Nomination withdrawn on 08.04.2009)	4	No
8.	Shri V. D. Shinde	2	No
9.	Shri Anuj Miglani	3	Yes
10.	Shri Ankit Miglani	4	Yes
11.	Shri A. K. Mahendru	4	Yes
12.	Shri S. G. Tudekar	4	Yes

iii. The Board of Directors during the Financial Year 2008-2009 had the following Meetings:

- 1) 30.04.2008 2) 31.07.2008 3) 31.10.2008 4) 31.01.2009

3. AUDIT COMMITTEE:

i. Brief Description of Terms of Reference:

The terms of reference and powers of the Audit Committee are as mentioned in Clause 49 II (D) of the Listing Agreement entered into with the Stock Exchanges and include overseeing the Company's financial reporting process, reviewing with the management the financial statements and the adequacy of the internal audit function and to discuss significant internal audit findings, statutory compliance and issues related to risk management and compliances.

ii. Composition, name of Members & Chairman:

1. Dr. N. S. Datar
2. Shri S. T. Parikh
3. Shri P. G. Kakodkar

All the Members of the Audit Committee are Non-Executive Independent Directors. They possess sound knowledge of accounts, audit, finance etc. Dr. N. S. Datar is the Chairman of the Audit Committee.

Chairman & Managing Director, Executive Director (Finance) & CFO, the Internal Auditor and the representatives of Statutory Auditors are invitees to the meetings of the Audit Committee. The Operations Heads are invited to the Meetings, as required. Shri R. K. Agrawal, Sr. Vice President & Company Secretary, acts as the Secretary of the Audit Committee.

iii. Meetings and attendance during the year:

The Audit Committee during the Financial Year 2008-2009 had the following meetings:-

- 1) 30.04.2008 2) 31.07.2008 3) 31.10.2008 4) 31.01.2009

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- iv. During the period 01.04.2008 to 31.03.2009, the Audit Committee met 4 times and the attendance of the Audit Committee members at the said meetings are detailed below:

Sr. No.	Name of the Directors	No. of Meetings Attended
1.	Dr. N. S. Datar – Chairman	4
2.	Shri P. G. Kakodkar	3
3.	Shri S. T. Parikh	3

4. REMUNERATION COMMITTEE:

i. **Brief Description of Terms of Reference:-**

Pursuant to the Clause 49 IV (E) of the Listing Agreement and Schedule XIII to the Companies Act, 1956, the terms of reference of the Remuneration Committee is to determine Company's policy on specific remuneration packages to Executive Directors including pension rights and any compensation payments and also to approve payment of remuneration to Managing or Whole-Time Directors.

ii. **Composition, name of Members & Chairperson:**

The Committee comprises of following Members:-

1. Dr. N. S. Datar
2. Shri S. T. Parikh
3. Shri S. R. Krishnaswamy

All the members of the Remuneration Committee are Non-Executive Independent Directors and Dr. N. S. Datar is the Chairperson.

iii. **Meetings & attendance during the year:**

During the period 1.04.2008 to 31.03.2009, the Remuneration Committee met twice on 31st July, 2008 and 31st October, 2008, and the attendance of the members at the said meeting are detailed below:

Sr. No.	Name of the Directors	No. of Meetings Attended
1.	Dr. N. S. Datar – Chairperson	2
2.	Shri S. T. Parikh	1
3.	Shri S. R. Krishnaswamy	2

iv. **Details of remuneration to the Directors:**

a. **Non-Executive Directors:**

Sr. No.	Name of Directors	Sitting fees (Rs.)	Equity Shares held in the Company
1.	Shri Praveen Miglani	32,000	167000
2.	Shri P. G. Kakodkar	18,000	NIL
3.	Shri S. T. Parikh	25,000	53300
4.	Dr. N. S. Datar	26,000	3600
5.	Shri S. R. Krishnaswamy	22,000	–
6.	Shri Kishor Naik (Nomination withdrawn on 08.04.2009)	20,000	–
7.	Shri V. D. Shinde	10,000	–

The Non-Executive Directors are paid sitting fees as remuneration for attending the Meetings of Board of Directors, Audit Committee, Remuneration Committees and Committee of Directors.



b. Executive Directors:

Sr. No.	Name of Directors	Designation	All elements of remuneration package i.e. salary, benefits, allowances, bonus, contributions and perquisites (Rs. in Lacs)
1.	Shri Rajinder Miglani	Chairman & Managing Director	68.58
2.	Shri Anuj Miglani	Dy. Managing Director	42.00
3.	Shri Ankit Miglani	Director (Commercial)	42.00
4.	Shri A. K. Mahendru	Director (Sales & Marketing)	25.35
5.	Shri S. G. Tudekar	Director (Works)	17.55

v. Disclosures regarding Directors appointment & re-appointment:

a. Appointment and Resignation of Directors:

Shri S. P. Talwar was appointed as Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 on 9th May, 2009.

ICICI Bank Limited has withdrawn the nomination of Shri Kishor Naik as their Nominee Director from the Board effective from 8th April, 2009 in terms of facility agreement(s) entered with the Company.

b. Re-appointment of Directors:

Shri Rajinder Miglani, 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 Ankit Miglani was re-appointed as Director (Commercial) of the Company for the period of 3 years from 29th July, 2008 to 28th July, 2011.

Shri A. K. Mahendru and Shri S. G. Tudekar were re-appointed as Director (Sales & Marketing) and Director (Works) of the Company respectively for the period of 3 years from 28th October, 2008 to 27th October, 2011.

Name of Director	Brief Resume	Nature of Expertise in specific areas	The details of the Directorships / Committee Membership in other Companies (excluding Private Limited Companies and Section 25 Companies)	Equity Shares held in the Company
Shri S. P. Talwar	He is BA. LLB and Certified Associate of the Indian Institute of Bankers. He has an experience of more than 40 years in operational and policy formulation in Commercial & Central Banking. He has served as the 'Chairman and Managing Director' of renowned Banks such as Bank of Baroda, Union Bank of India and Oriental Bank of Commerce. He has also held the coveted position of deputy Governor of RBI from 1994 to 2001.	Banking and Finance	<ul style="list-style-type: none">o Housing Development And Infrastructure Limitedo Reliance Life Insurance Co. Limitedo Reliance General Insurance Co. Ltd.o Crompton Greaves Limitedo Videocon Industries Limitedo Reliance Communication Limitedo Reliance Communication Infrastructure Limitedo Reliance Infratel Limitedo Wall Street Finance Limitedo A B Hotels Limitedo Kalpataru Power Transmission Limitedo Asian Oilfield Services Limited.o Reliance Securities Limited	Nil

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Name of Director	Brief Resume	Nature of Expertise in specific areas	The details of the Directorships / Committee Membership in other Companies (excluding Private Limited Companies and Section 25 Companies)		Equity Shares held in the Company
			Name of the Company	Committee/ Position	
			Reliance Life Insurance Co. Limited Reliance General Insurance Co. Limited Crompton Greaves Limited Videocon Industries Limited Reliance Communications Limited Reliance Communications Limited Housing Development and Infrastructure Limited Reliance Communication Infrastructure Limited Reliance Infratel Limited	Audit (Member) Audit (Member) Audit (Chairman) Audit (Chairman) Audit (Member) Investor Grievances (Chairman) Audit (Chairman) Audit (Member) Audit (Chairman)	
Shri Rajinder Miglani	He is Industrialist and joined the Board as the Promoter Director since incorporation of the Company in the year, 1985. He is a graduate and having more than 40 years of experience in the Steel Industry.	Industrialist	<ul style="list-style-type: none"> o Shree Uttam Steel And Power Ltd. o Uttam Utkal Steels Limited o Golden Green Golf & Resorts Ltd. o Uttam Galva Metalics Limited o Vibrant Realty & Infrastructure Limited o Uttam Distribution Network Limited o Uttam Galva International Limited o Uttam Galva Holdings Limited 	1040995	
Shri Ankit Miglani	He is a Graduate in Economic with specialization in Finance from Wharton School, University of Pennsylvania, Philadelphia, U.S.A. Presently, he is looking after all the major Commercial functions such as Finance & Accounts, International Marketing and Purchase of Critical Raw Materials. He joined the Board on 29 th July, 2005	Finance & Commercial	<ul style="list-style-type: none"> o Shree Uttam Steel And Power Ltd. o Golden Green Golf & Resorts Ltd. o Uttam Galva Metalics Limited o Uttam Distribution Network Limited o Uttam Galva International Limited o Uttam Utkal Steels Limited o Uttam Galva Holdings Limited 	912500	
Shri A. K. Mahendru	He is B.Tech, FIE & MIMA and joined the Company in 1995 and was elevated to as Executive Director of the Company w.e.f. 01-04-1999 and has been looking after the Marketing and Sales of the Company. He has over 40 years of experience in Steel Industry. He joined the Board on 28 th October, 2005.	Sales & Marketing	Nil	Nil	
Shri S. G. Tudekar	He is Graduate Engineer in "Metallurgy" from Pune University. He got experience of 46 years in Steel Industry. He joined the Company in 1998 as President (Works-Donvat & PRC) and was elevated to as Executive Director w.e.f. 01-04-2000. He joined the Board on 28 th October, 2005.	Technical	Nil	Nil	



5. SHAREHOLDERS' COMMITTEE

i. Name of Non-executive Director Heading the Committee:

Shri Praveen Miglani, Non-Executive Director is Chairman of the Shareholders'/Investors' Grievance Committee. The Committee is looking after the Shareholders'/Investors' Grievance and redressal of Investors'/Shareholders' complaints related to transfer of shares, non-receipt of balance sheets, non-receipt of dividends etc. This Committee consists of the following Non-Executive Directors as its members:

1. Shri Praveen Miglani
2. Shri S. T. Parikh

During the Financial Year 2008-2009, the Company had two meetings *i.e.* on 31.07.2008 and 31.01.2009.

ii. Name and Designation of Compliance Officer:

Shri R. K. Agrawal – Sr. Vice President & Company Secretary is the Compliance Officer.

iii. Number of Shareholders Complaints received during the Financial Year:

During the Financial Year 2008-2009, the Company have received 3 complaints.

iv. Number of Complaints not solved to the satisfaction of the Shareholder:

Nil

v. Number of Pending Complaints:

Nil

6. GENERAL BODY MEETINGS

i) Location and time when the Last three Annual General Meeting held:

The details of the Annual General Meeting held in last three years are as under:

Year	Day, Date and Time	Location
2005-2006	21 st AGM held on Saturday, 12 th August, 2006 at 10:30 a.m.	M. C. Ghia Hall, 18/20, K Dubhash Marg, Mumbai - 400 001.
2006-2007	22 nd AGM held on Saturday, 22 nd September, 2007 at 11:00 a.m.	M. C. Ghia Hall, 18/20, K Dubhash Marg, Mumbai - 400 001.
2007-2008	23 rd AGM held on Saturday, 26 th July, 2008 at 11:00 a.m.	M. C. Ghia Hall, 18/20, K Dubhash Marg, Mumbai - 400 001.

- ii) Special Resolution passed in previous three Annual General Meeting : Three
- iii) Special Resolution passed last year through Postal Ballot : Nil
- iv) Person who conducted the Postal Ballot exercise : N.A.
- v) Special Resolution proposed to be conducted through Postal Ballot : None
- vi) Procedure for the Postal Ballot : N.A.

NOTE: All the Resolutions set out in the respective Notices for the above Meetings were duly passed by the Shareholders with the requisite majority in each case.

7. DISCLOSURES

- i. There were no materially significant related party transactions during the year having conflict with the interest of the Company.
- ii. The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as

Uttam Galva Steels Limited

well as regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any other statutory authority on matters relating to capital markets during last three years.

- iii. The Company has not established a mechanism for implementing Whistle Blower Policy as yet. It is confirmed that no personnel has been denied access to the Audit Committee.
- iv. It is confirmed that the mandatory requirements are complied with and the non-mandatory provisions are adopted wherever necessary.
- v. Ministry of Corporate Affairs, Government of India has sought certain information u/s 234 of the Companies Act, 1956 in respect of the Financial Year 2006-07 and also issued an order for inspection of Books of Accounts of the Company u/s 209A of the Companies Act, 1956, which is in progress.

8. MEANS OF COMMUNICATION

- i. The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.
- ii. Un-audited and Audited Financial Results are published in Free Press Journal (English) having all India coverage and Navshakti (Marathi) local newspaper.
- iii. Name of the Company's Website where the results are displayed: www.uttamgalva.com
- iv. The Company displays official news releases as and when the situation arises.
- v. The Company makes presentation to institutional investors or the analysts when found appropriate.
- vi. email id: info@uttamgalva.com

9. GENERAL SHAREHOLDERS' INFORMATION

i. Annual General Meeting:

Date, Time and Venue : Saturday, 26th September, 2009 at 11.00 a.m. at M. C. Ghia Hall, 18/20, K. Dubhash Marg, Mumbai – 400 001.

ii. **Financial Year** : 2008 - 2009

iii. **Date of Book Closure** : 15th September, 2009 to 26th September, 2009 (both days inclusive)

iv. **Dividend Payment Date** : Not Applicable

v. Listing on Stock Exchanges:

The Company has paid the listing fees for the Financial Year 2008-2009 to BSE, NSE and DSE.

Approval for de-listing of Equity Shares is awaited from the Calcutta Stock Exchange Association Limited.

vi. Name of the Stock Exchange and Stock Code:

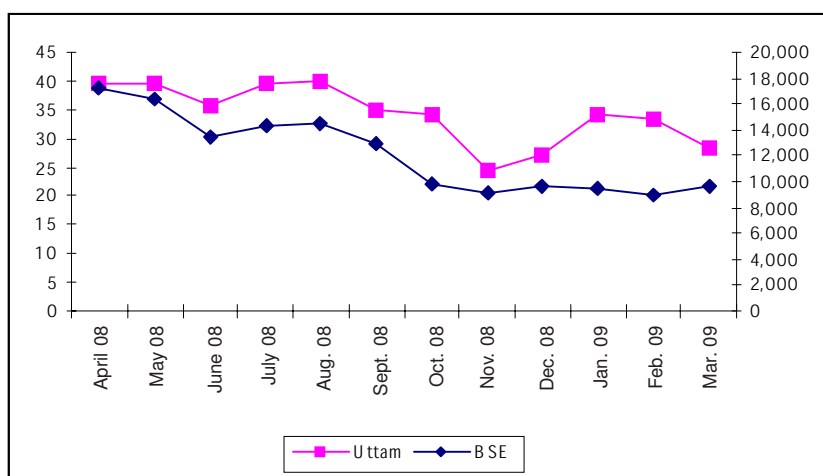
Name of the Stock Exchange (Equity Shares)	Stock Code
Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	513216
National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor, Plot No. C/1, G. Block, Bandra - Kurla Complex, Bandra (E), Mumbai – 400 051.	II/CA/1252
Delhi Stock Exchange Association Ltd. DSE House, 3/1 Asaf Ali Road, New Delhi – 110 002.	5714
Calcutta Stock Exchange Association Ltd. 7, Lyons Range, Kolkata – 700 001.	31002



vii. Market Price Data: High, Low of each month during the Financial Year 2008-2009:

Month	Quotation at Bombay Stock Exchange		Quotation at National Stock Exchange	
	HIGH	LOW	HIGH	LOW
April 2008	42.80	33.60	42.80	34.15
May 2008	43.90	36.25	44.20	36.25
June 2008	44.40	33.40	44.25	32.20
July 2008	41.00	34.90	41.20	33.50
August 2008	45.85	37.10	45.45	36.55
September 2008	43.90	32.50	43.90	32.00
October 2008	43.80	22.60	44.00	22.95
November 2008	38.20	24.25	38.50	23.65
December 2008	30.45	23.40	30.60	23.40
January 2009	37.00	25.30	37.00	25.15
February 2009	42.50	31.25	42.35	31.25
March 2009	35.75	26.65	35.00	26.60

viii. Performance in comparison to BSE Sensex.



ix. Registrar and Share Transfer Agent:

Mondkar Computers Private Limited
21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai – 400 093.
Tele No. : 28207203/05

x. Share transfer system:

Shares sent for transfer in physical form are registered and returned by our Registrars and Share Transfer Agent in approximately 20 to 25 days of receipt of the documents, provided documents received are found in order.

Uttam Galva Steels Limited

Shares under objections are returned within 15-20 days. The Share Transfer Committee meets generally on fortnightly basis to consider the transfer proposals.

xi. Distribution of Shareholding:

The Shareholding distribution of Equity Shares as on 31st March, 2009 is given here below:

Sr. No.	Nominal Value of Shares (Rupees)	No. of Shareholders	No. of Shares	Percentage of Shareholding
1.	UPTO 5,000	34590	6166237	5.41
2	5,001 – 10,000	3301	2806584	2.46
3.	10,001 – 20,000	1265	2019642	1.77
4.	20,001 – 30,000	403	1058923	0.93
5.	30,001 – 40,000	158	581450	0.51
6.	40,001 – 50,000	161	773195	0.68
7.	50,001 – 1,00,000	220	1663711	1.46
8.	1,00,001 ABOVE	202	98903701	86.78
	TOTAL	40300	113973443	100.00

xii. Dematerialization of Shares and Liquidity:

Nearly 86.21% of total Equity Share Capital is held in dematerialized form with NSDL/CDSL.

xiii. Outstanding ADR/GDR

21857924 GDR Constituting 19.18% of the Paid Up Capital is outstanding as 31.03.2009; No other instruments are Pending for Conversion.

xiv. Plant Locations:

1. Khopoli - Pen Road, Donvat, Dist. - Raigad, Maharashtra.
2. Khopoli - Pali Road, Dahivali, Dist.- Raigad, Maharashtra.

xv. Address for correspondence:

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

Email : info@uttamgalva.com

Website : www.uttamgalva.com

xvi. Code of Conduct:

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company which is posted on the Website of the Company.

All Board Members and Senior Management Personnel have affirmed Compliance with the Code on an annual basis. A declaration to this effect signed by the Managing Director forms part of this Report.

xvii. Auditor's Certificate on Corporate Governance:

The Auditors Certificate on Compliance of Clause 49 of the Listing Agreement relating to Corporate Governance is published as an Annexure to this Report.



xviii. Shareholding Pattern:

Pattern of Equity Shares as on 31st March, 2009 is given here below:

Category	No. of Shares Held	% of holding
A. Promoter's Holding		
1. Promoters		
– Indian Promoters	42578582	37.36
– Foreign Promoters	2714700	2.38
2. Persons acting in concert	0	0
SUB-TOTAL (A)	45293282	39.74
B. Non-Promoters Holding		
1. Institutional Investors		
a. Mutual Funds and UTI	38400	0.03
b. Banks, Financial institutions, Insurance Companies (Central/State Govt. Institutions/Non Govt. Inst.)	271500	0.24
c. FIs	22690320	19.91
SUB-TOTAL (B) (1)	23000220	20.18
2. Others		
a. Private Corporate Bodies	3434440	3.01
b. Indian Public	18668659	16.38
c. NRIs/OCBs	1622808	1.42
d. Any other (please specify)	96110	0.08
SUB-TOTAL (B) (2)	23822017	20.90
C. Shares held by Custodians and against which Depository Receipts have been issued	21857924	19.18
GRAND TOTAL.....	113973443	100.00

Uttam Galva Steels Limited

To,
The Members of
Uttam Galva Steels Limited
Mumbai.

DECLARATION

I, Rajinder Miglani, Chairman & Managing Director of UTTAM GALVA STEELS LIMITED, having its Registered Office at Uttam House, 69, P. D'Mello Road, Mumbai – 400 009, do hereby declare that the Code of Conduct for Directors and Senior Management have been prepared in terms of Clause 49 of Listing Agreement (as amended) and the same have been affirmed by the Board Members and Senior Management of the Company.

I further declare that the said Code of Conduct have been posted on the Website of the Company in accordance with the Clause 49 of the Listing Agreement.

For Uttam Galva Steels Limited

Place : Mumbai
Dated : 27th August, 2009

Rajinder Miglani
Chairman & Managing Director

CERTIFICATE

To,
The Members of
Uttam Galva Steels Limited
Mumbai.

We have examined the Compliance of the conditions of Corporate Governance by **UTTAM GALVA STEELS LIMITED** for the Financial Year ended 31st March, 2009, as stipulated in Clause 49 (as amended) of the Listing Agreement of the said Company, with the Stock Exchanges.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementations thereof, adopted by the Company for ensuring Compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Registrars and Share Transfer Agents of the Company have maintained records to show the Investors' Grievances against the Company and have certified that as on March 31st, 2009, there were no Investor Grievances remaining unattended/pending for more than 30 days.

We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For M/s. Prakash Muni & Associates
Chartered Accountants

Place : Mumbai
Dated : 27th August, 2009.

Prakash Muni
Proprietor
Member No. 30544



AUDITOR'S REPORT

To,
The Shareholders of
Uttam Galva Steels Limited
Mumbai.

1. I have audited the attached Balance Sheet of **UTTAM GALVA STEELS LIMITED** as at **31st March, 2009** and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I have conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. On the basis of written representations received from the Directors, as on 31st March, 2009, and taken on record by the Board of Directors, I report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
5. Further to my comments in the Annexure referred to in paragraph 3 & 4 above, I report that:
 - (i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - (ii) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- (iii) The Balance Sheet and the Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In my opinion, the Balance Sheet and the Profit and Loss Account and cash flow statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

This audit report takes into consideration approval received from respective high courts during August 2009, giving approval to merger (Scheme of Arrangement) of transfer of Power Division of Shree Uttam Steel and Power Limited (SUSPL) with Uttam Galva Steels Limited (UGSL). Hence, this audit report supercedes our earlier audit report dated 9th May, 2009.

For **Prakkash Muni & Associates**
Chartered Accountants

Place : Mumbai
Dated: 27th August, 2009.

Prakkash R. Muni
Proprietor
Membership No. 30544

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets; site wise/plant wise. With consideration to significant additions from time to time such records are being updated periodically.

- (b) According to the information and explanations given to me, the Company is formulating/ upgrading a programme of verification by which all the assets of the Company shall be verified in a phased manner, which in my opinion, is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanation given to me no material discrepancies were noticed on such verification. The Company is yet to formulate a verification programme on assets such as furniture, computers, etc.
- (c) During the year the Company has not disposed of any part of the plant and machinery, disposal of fixed assets does not constitute a substantial part of the Company's fixed assets.
- (ii) The inventory has been physically verified during the year by the management. In my opinion, the frequency of verification is reasonable.
- (iii) The procedures of physical verification and inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (iv) On the basis of my examination of the records of inventory, I am of the opinion that the Company is maintaining proper record of inventory. The discrepancies noticed on verification between physical stocks and book records were not material and the difference found between physical and book records are adjusted appropriately.
- (v) (a) In my opinion and according to the information and explanations given to me, the Company has not granted any inter-corporate deposits to companies covered in the register maintained under Section 301 of the Companies Act, 1956.
b) In my opinion and according to the information and explanations given to me, the Company has not taken loans from any parties covered in the Register under Section 301 of the Companies Act, 1956.
- (vi) In my opinion and according to the information and explanations given to me, the internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the sale of goods and services are adequate
- (vii) To the best of my knowledge and belief and according to the information and explanations given to me, I am of the opinion that the contract, or arrangements, referred to in Section 301 of the Companies Act, 1956 are entered in the register required to be maintained under that section.
- (viii) In my opinion the rate of interest and other terms and conditions on which loans have been taken from the Companies, firms or other parties listed in the Register maintained under 301 are not prima facie prejudicial to the interest of the Company.
- (ix) The Company is regular in repaying the principal amount as stipulated and has been regular in the payment of interest.
- (x) There is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956.
- (xi) In my opinion and according to the information and explanation given to me, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant prices.
- (xii) In my opinion and according to the information and explanations given to me, the Company has not accepted deposits from the public during the year covered by my audit report.
- (xiii) In my opinion and according to information and explanation given to me, the Company has an internal audit system commensurate with the size and nature of its business.
- (xiv) To the best of my knowledge and according to the information and explanations given to me, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.
- (xv) (a) According to the information and explanations provided to me, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance fund, income tax, sales tax, custom duty, excise duty, and other material statutory dues, applicable to it.
b) According to the information and explanation given to me, the details of disputed sales tax,



- wealth tax, service tax, custom duty, excise duty, cess which have not been deposited as at March 31, 2009 on account of any dispute are referred to in Annexure A.
- (c) According to the information and explanation given to me, no undisputed amount payable in respect of income tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (d) According to the information and explanation given to me, there were no statutory dues which were deposited on account of disputes.
- (xvi) The Company has not incurred any cash losses during the financial year covered by my audit and the preceding financial year.
- (xvii) In our opinion and according to the information and explanation given to me, the Company has not defaulted in the repayment of its dues to a bank.
- (xviii) According to the information and explanations given to me, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the order are not applicable to the Company.
- (xix) In our opinion and according to the information and explanations given to me, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xx) According to the information and explanations given to me, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xxi) The Company has given corporate guarantee to commissioner of customs for making an export obligation by its associate Company Uttam Galva Metalics Ltd. to the tune of 70 crore.
- (xxii) According to the information and explanations given to me, the term loans have been applied for the purposes for which they have been raised.
- (xxiii) Based on my examination of the Balance Sheet of the Company as at 31st March, 2009, I find that the Company as on that date had long term sources of funds amounting to Rs. 2,499.12 crores. The long term application of fund was Rs. 2,688.12 crores. During the accounting period covered by my report the Company has generated Rs. 483.09 crores and applied Rs. 691.37 crores towards long term applications, hence short term funds to the tune of Rs. 208.28 Crores were utilized for long term applications.
- (xxiv) According to the information and explanations given to me, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956.
- (xxv) According to the information and explanations given to me, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xxvi) During the period covered by my audit report, the Company has not raised any money by public issues.
- (xxvii) To the best of my knowledge and belief and according to the information and explanations given to me, no material fraud on or by the Company has been noticed or reported during the year.

For **Prakkash Muni & Associates**
Chartered Accountants

Place : Mumbai
Dated : 27th August, 2009

Prakkash R. Muni
Proprietor
Membership No. 30544

Annexure "A" of Audit Report				
Sr. No.	Nature of Duty	Amount (Rs.)	Period	Forum where dispute is pending
1.	Excise Duty	5,52,473	2003-04	High Court
2.	Service Tax	95,67,013	2004-05	Central Excise and Service Tax Appellate Tribunal
3.	Excise Duty	40,00,000	2005-06	Asst. Commissioner of Central Excise
4.	Excise Duty	22,07,417	2005-06	Commissioner - Appeals
5.	Excise & Service Tax	10,05,475	2005-06	Central Excise and Service Tax Appellate Tribunal
6.	Excise Duty	17,51,750	2005-06	Revision Application Unit
7.	Service Tax	28,90,855	2005-06	Central Excise and Service Tax Appellate Tribunal

Uttam Galva Steels Limited

BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in Crores)

	Schedule	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	119.84	115.47
Reserves & Surplus	B	709.94	595.57
		<u>829.78</u>	<u>711.04</u>
LOAN FUNDS			
Secured	C	1077.67	830.23
Unsecured	D		
– FCCB		110.34	152.36
– Others		222.89	24.04
		<u>1410.90</u>	<u>1006.63</u>
TOTAL		<u>2240.68</u>	<u>1717.67</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	2267.36	1710.37
Less: Depreciation		482.84	390.63
NET BLOCK		<u>1784.52</u>	<u>1319.73</u>
Capital Work-in-Progress		413.30	278.57
		<u>2197.82</u>	<u>1598.30</u>
INVESTMENTS	F		51.13
CURRENT ASSETS, LOANS & ADVANCES	G		
Inventories		493.99	847.98
Sundry Debtors		365.73	241.65
Cash & Bank Balances		153.00	31.88
Loans & Advances		575.58	437.79
		<u>1588.30</u>	<u>1559.30</u>
Less: CURRENT LIABILITIES & PROVISIONS	H		
Current Liabilities		1541.21	1476.51
Provisions		12.04	14.55
		<u>1553.25</u>	<u>1491.06</u>
NET CURRENT ASSETS		<u>35.05</u>	<u>68.24</u>
TOTAL		<u>2240.68</u>	<u>1717.67</u>
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	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
Sr. Vice President & Company Secretary

Place : Mumbai
Dated : 27th August, 2009



PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009

(Rs. in Crores)

Schedule	As at 31.03.2009	As at 31.03.2008
INCOME		
Sales: Local	2164.13	1705.58
Export	2345.62	1582.89
Gross Sales	4509.75	3288.47
Less: Excise Duty	(138.11)	(132.63)
	4371.64	3155.84
Other Income:		
Non Operational	0.43	2.11
TOTAL	4372.07	3157.95
EXPENDITURE		
Materials Cost	3482.77	2609.66
(Increase)/Decrease in Stock	57.78	(104.06)
Other Manufacturing Expenses	196.93	144.71
Selling & Distribution Expenses	198.12	150.16
Payment to Employees	50.09	33.29
Administrative Cost	27.02	21.22
	4012.71	2854.98
Profit before Interest & Depreciation	359.36	302.97
Interest & Financial Charges (Net)	165.63	113.88
Profit/(Loss) before Depreciation & Tax	193.73	189.09
Depreciation	92.37	64.76
Profit/(Loss) before Tax	101.36	124.33
Less: Provision for Tax - MAT	11.48	14.09
Add: MAT Credit Entitlements	10.85	14.09
Less: Provision for Fringe Benefit Tax	0.56	0.46
Profit/(Loss) after Tax	100.17	123.87
Add: Balance C/F from earlier years - P&L A/c	423.50	301.13
Profit/(Loss) available for Appropriations	523.67	425.00
Appropriated as under:		
Balance Transferred to Capital Redemption Reserve	1.50	1.50
Balance Carried to Balance Sheet	522.17	423.50
Basic Earnings Per share (in Rs.)	8.36	11.63
Diluted Earnings Per share (in Rs.)	7.33	8.83
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	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
Sr. Vice President & Company Secretary

Place : Mumbai
Dated : 27th August, 2009.

Uttam Galva Steels Limited

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE A: SHARE CAPITAL		
AUTHORISED		
16,90,00,000 Equity Shares of Rs. 10 Each	169.00	169.00
60,00,000 Redeemable Cumulative Preference Shares of Rs. 10/- each	6.00	6.00
	<u>175.00</u>	<u>175.00</u>
ISSUED		
11,39,73,443 (11,39,73,443) Equity Shares of Rs. 10/- each	113.97	113.97
53,68,469 (53,68,469) 12% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each	5.37	5.37
58,74,760 (NIL) Equity Shares of Rs. 10/- each to be issued to the Shareholders of Shree Uttam Steel and Power Limited (SUSPL) in pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay and by the Hon'ble High Court of Bombay, Goa Bench at Goa.	5.87	—
	<u>125.21</u>	<u>119.34</u>
SUBSCRIBED & PAID UP		
11,39,73,443 (11,39,73,443) Equity Shares of Rs. 10/- each	113.97	113.97
0' (15,00,000) 12% Optionally Convertible Cumulative Redeemable Preference Share	0.00	1.50
	<u>113.97</u>	<u>115.47</u>
EQUITY SHARE CAPITAL SUSPENSE ACCOUNT		
58,74,760 (NIL) Equity Shares of Rs. 10/- each to be allotted to the Equity Shareholders of Shree Uttam Steel and Power Limited (SUSPL) as fully paid up in pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay and by the Hon'ble High Court of Bombay, Goa Bench at Goa, without payment being received in cash, pending allotment.	5.87	—
	<u>119.84</u>	<u>115.47</u>

	As at 31.03.2008 Rupees Crores	Additions/(Ded.) during the year Rupees Crores	As at 31.03.2009 Rupees Crores
SCHEDULE B: RESERVES & SURPLUS			
Capital Reserve	0.32	—	0.32
Capital Redemption Reserve	3.87	1.50	5.37
Securities Premium Account	167.88	(10.03)	157.85
Securities Premium Suspense Account	—	24.23	24.23
	<u>172.07</u>	<u>15.70</u>	<u>187.77</u>
Profit & Loss Account	423.50	98.67	522.17
	<u>595.57</u>	<u>114.37</u>	<u>709.94</u>

Notes: 1. Capital Reserve represents:

- Rs. 0.006 crore being surplus on reallocation of shares forfeited.
- Rs. 0.200 crore being Special Capital incentive received from Government of Maharashtra.
- Rs. 0.047 crore being amount of application money received on forfeiture of equity shares.
- Rs. 0.064 crore being amount of dividend on account of forfeited equity shares.

2. The Premium paid on redemption of FCCB 'B' Series Rs. 10.03 Crores has been charged to the Securities Premium Account, and

3. Securities Premium Suspense Account Comprises of excess of fair value of net assets taken over by the Company over the paid up value of equity shares to be issued to the shareholders of Shree Uttam Steel and Power Limited (SUSPL) in pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay and by the Hon'ble High Court of Bombay, Goa Bench at Goa.



(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE C: SECURED LOANS		
I. TERM LOANS		
a) Rupee Loan	774.08	522.23
b) Foreign Currency Loans	289.95	252.62
	1064.03	774.85
2. '0' (1,30,000) Non Convertible Debentures of Rs. 100 each fully paid up.		1.30
3. Optionally Fully Convertible Debentures/Loans 0% Debentures/Loans	2.37	
Premium Accrued But not Due	2.37	2.37
Interest Accrued but not due on term loans	5.43	4.41
	0.84	0.71
	1072.67	783.64
4. WORKING CAPITAL LOANS/OTHER LOANS:		
Cash Credit and Working Capital Demand Loans from banks	5.00	46.59
TOTAL SECURED LOAN	1077.67	830.23

Notes:

Serial number of Notes correspond to serial numbers of Loans mentioned earlier.

- (1) a) Term Loans availed from ICICI, IDBI, LIC, IFCI, IIBI, UII, GIC, Canara Bank, IOB, BOB, Corporation Bank, Union Bank, Allahabad Bank, Dena Bank and Syndicate Bank ranking pari passu inter-se are secured by mortgage of all immovable properties and hypothecation of all moveable properties including moveable machineries, machinery spares, tools and accessories, both present and future except Packing Machine supplied by PESMEL, Finland and Captive Power Plant Equipments.
The previous Rupee Term Loan of Rs. 415.42 Crores (Rs. 522.23 Crores) are secured by personal guarantee of two Directors.
The Fresh Rupee Term Loan of Rs. 310 Crores (NIL) sanctioned and disbursed Rs. 244.47 Crores (Nil) are secured by personal guarantee of one Director.
The Power Plant Equipments are exclusively charged to IDBI, IDFC and State Bank of Mysore for Term Loan sanctioned of Rs. 221 Crores (NIL) and disbursed Rs. 114.2 Crores (NIL).
The Rupee Term Loan for Captive Power Plant is secured by personal guarantee of one Director.
- b) i) ECB Loan of
USD 3.75 million (6.25 million) equivalent to Rs. 19.29 Crores (Rs. 25.07 Crores) from Bank of India;
USD 2.1875 million (3.125 million) equivalent to Rs. 11.25 Crores (Rs. 12.53 Crores) from Syndicate Bank;
USD 47.50 million (50 million) equivalent to Rs. 244.39 Crores (Rs. 200.55 Crores) syndicated by ICICI Bank, (as Facility Agent)
are secured by mortgage of all immovable properties and hypothecation of all moveable properties including moveable machineries, machinery spares, tools and accessories both present and future except Packing Machine supplied by PESMEL, Finland and Captive Power Plant Equipments.
The above mentioned ECB Loans are secured by personal guarantee of two Directors.
- ii) ECA of USD 2.9185 million (3.3354 million) equivalent to Rs. 15.02 Crores (Rs. 13.38 Crores) is secured by hypothecation of Packing Machine supplied by PESMEL, Finland.
- (2) Nil (Rs. 1.30 Crores) Non Convertible Debentures are secured by
(a) first mortgage and charge on the movable & immovable assets present and future ranking *Pari-passu* subject to the prior charges on specific movables created/ to be created in favour of Company's bankers for working capital borrowings.
(b) Personal Unconditional Irrevocable Guarantee of two directors.
(c) *Pari-Passu* Joint Pledge of Promoters Shareholding with Other Term Lenders as specified in 5(b).
Redemption: Commencing from 15th April, 2004 to 15th January, 2009.
- (3) Optionally Fully Convertible Bonds are convertible into Equity Preference Share at the option of the holder at a future date and are secured by:
(a) first mortgage and charge on the movable & immovable assets present and future ranking *Pari-passu* subject to the prior charges on specific movables created/ to be created in favour of Company's bankers for working capital borrowings.
(b) Personal Unconditional Irrevocable Guarantee of two Directors.
Redemption: Commencing from 15th June, 2010 to 15th June, 2014.
- (4) Loans from banks on cash credit accounts are secured by hypothecation of all tangible, moveable properties such as raw material, Work-in-Progress, finished goods, stock in transit and book debts etc. and the second charge on fixed assets of the Company except Packing machine supplied by PESMEL, Finland and Captive Power Plant Equipments.
- (5) 2,12,24,700 equity shares held by the promoters are pledged by them against term loan of Rs. 42.24 Crores (Rs. 47.89 Crores) availed by the Company.

Uttam Galva Steels Limited

(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE D: UNSECURED LOANS		
1. a) Short Term Loans	219.26	0.10
b) Deferred Sales Tax Loan (See note 1.11)	–	19.72
c) Sicom Loan	3.63	4.22
	222.89	24.04
2. FOREIGN CURRENCY CONVERTIBLE BONDS	90.04	152.36
Premium Accrued But not Due	20.30	–
TOTAL UNSECURED LOAN	333.23	176.40

- (1) Short Term Loans Includes Advances from Customers; in nature of loans in view of recent fall in prices and Global Economic Scenario.
- (2) The Company has issued Series 'A' US \$ 24 Million and Series 'B' US \$ 20 Million 2 percent Convertible Bonds of face value of US \$ 1000 aggregating to US \$ 44 Million.
- (i) As per the terms of the issue, the bonds are convertible at any time on or after September 18, 2005 and upto the close of business on July 31, 2010 into newly issued, ordinary shares at an initial conversion price of Rs. 45.12 per Share with a fixed rate of exchange on conversion of Rs. 43.53 = US \$ 1. The conversion price will be subject to certain adjustment in certain circumstances. Out of this, bonds worth USD 9 Million (USD 2.5 Million from Series B and USD 6.5 Million from Series A) have been converted into equity shares in the year 2007-08.
- (ii) Further, the bonds may subject to certain conditions be redeemed in whole at the option of the Company at any time on or after August 10, 2008 at their Early Redemption Amount.
- (iii) The Series B bonds worth USD 17.50 Million redeemed at the option of a Bondholder on August 9, 2008 at 117.25 percent of their principal amount. The premium paid on redemption has been charged to Share Premium Account.
- (iv) Unless previously converted, redeemed or repurchased and cancelled, the bonds will be redeemed on August 10, 2010 at 130.97 percent of their principal amount.
- (v) **FCCB 'A' Series:-** The Company has opted to treat FCCB as a debt and consequential exchange difference is accounted as additional cost for fixed assets acquired against the same. The assets being in the preoperative stage, exchange difference will be duly amortised over the life span of the asset. In case the said FCCBs are converted into shares at a later date, the same will be reversed appropriately.
- (vi) The Premium accrued on FCCB Series A, to the tune of 17.50 Millions, has been provided up to 31st March, 2009.
- (vii) These bonds are listed on Singapore Stock Exchange.

SCHEDULE E: FIXED ASSETS

(Rs. in Crores)

	RATE SLM %	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		COST 1-Apr-08	ADDI- TIONS	DEDUC- TION	COST 31-Mar-09	UP TO 1-Apr-08	PERIOD ENDED			AS AT 31-Mar-09	AS AT 31-Mar-08
							31-Mar-09	DEDUC- TION	TOTAL		
Land	–	4.82	36.31	–	41.13	–	–	–	–	41.13	4.82
Building & Site Development	3.34	301.74	110.87	–	412.61	38.18	11.77	0.01	49.95	362.67	263.56
Flats/Office Premises	1.63	2.63	0.39	0.07	2.95	0.09	0.05	–	0.14	2.81	2.54
Plant & Machinery	5.28	1375.71	405.97	–	1781.68	340.68	78.34	–	419.03	1362.65	1035.02
Furniture & Fixtures	6.33	7.75	0.27	–	8.02	4.42	0.49	–	4.91	3.11	3.32
Office Equipments	13.91	2.87	0.25	–	3.12	2.37	0.27	–	2.64	0.48	0.50
Computer	16.21	6.50	1.64	–	8.14	2.62	1.09	–	3.71	4.43	3.88
Vehicles	9.50	4.67	1.44	0.40	5.71	1.39	0.30	0.16	1.53	4.18	3.28
Housing Complex	1.63	3.68	0.31	–	3.99	0.88	0.06	–	0.94	3.05	2.80
TOTAL		1710.37	557.45	0.47	2267.35	390.63	92.37	0.17	482.84	1784.51	1319.73
PREVIOUS YEAR		1121.61	589.32	0.55	1710.37	326.09	64.76	0.22	390.64	1319.73	



(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE F: INVESTMENTS		
1. UNQUOTED INVESTMENTS		
a) Subsidiary Company		
i) 10,000 Equity Shares of US \$ 1/- each, of MKR International Ltd. fully paid	–	0.04
ii) 10,000 Shares of UAE Dirhams 100/- each of Uttam Galva Holdings Limited	1.20	–
b) Others		
i) National Saving Certificate VIII Issue	0.01	0.01
ii) 20,000 Equity Shares of Rs. 25/- each of Punjab & Maharashtra Co-op. Bank Ltd.	0.05	0.05
iii) 30,20,000 Equity Shares of Rs. 10/- each of Texturing Technology Pvt. Ltd. fully paid	3.02	3.02
iv) 3,00,000 Unsecured Optionally Fully Convertible Debentures of Rs. 100/- each in Shree Bhavani Power Projects Pvt.. Ltd.	3.00	–
v) 5,15,000, Equity Shares of Rs. 10/- each in Ansal Hi-Tech Township Ltd. fully Paid.	0.52	–
vi) 9,994 Equity Shares of Rs. 10/- each of Uttam Utkal Steels Ltd. fully paid	0.01	0.01
vii) Share Application Money Uttam Galva Metallics Ltd.	–	48.00
	<u>7.81</u>	<u>51.13</u>
SCHEDULE G: CURRENT ASSETS, LOANS & ADVANCES		
(A) CURRENT ASSETS		
(a) Inventories (As valued & Certified by the Management)		
Raw Materials	250.43	412.24
Raw Materials - in transit	3.69	141.74
Finished goods	69.00	126.16
Work-in-Process	88.76	83.19
Arisings	8.30	14.49
Packing Material	1.40	0.98
Stores, Spares, Consumables etc.	72.41	69.18
	<u>493.99</u>	<u>847.98</u>
(b) Sundry Debtors : (Unsecured, considered good)		
Debts outstanding for the period exceeding six months	12.21	13.11
Other Debts	353.92	228.94
Less: Provision for Bad & Doubtful Debts	(0.40)	(0.40)
	<u>365.73</u>	<u>241.65</u>
(c) Cash & Bank Balances		
Cash on Hand	0.42	0.45
Balance in Current Accounts with Scheduled Banks	61.38	31.13
Short Term Deposit/Margin money deposit	91.20	0.30
	<u>153.00</u>	<u>31.88</u>
SUB TOTAL (A)	<u>1012.72</u>	<u>1121.51</u>

Uttam Galva Steels Limited

(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE G: CURRENT ASSETS, LOANS & ADVANCES (Contd...)		
(B) LOANS & ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	130.96	111.68
Advances to Suppliers	231.71	140.94
Deposits with Government & Semi Govt. Bodies	98.71	104.40
Deposits with Others	36.89	17.50
Prepaid Expenses	19.36	14.01
Advance Tax	13.28	15.43
MAT Credit Entitlements	44.66	33.82
Sales Tax	0.01	0.01
SUB TOTAL (B)	575.58	437.79
TOTAL (A) + (B)	1588.30	1559.30
SCHEDULE H: CURRENT LIABILITIES & PROVISIONS		
(a) Current Liabilities		
Sundry Creditors	126.10	80.90
Sundry Creditors - Subsidiary Companies	–	157.97
Advance from Customers	1022.48	783.39
Bills Payable acceptance	350.41	379.85
Other Liabilities	42.22	74.40
	1541.21	1476.51
(b) Provisions		
Provision for Tax (MAT)	11.48	14.09
Provision for Fringe Benefit Tax	0.56	0.46
	12.04	14.55
TOTAL (A) + (B)	1553.25	1491.06



(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE I: SALES & OTHER INCOME		
A) SALES		
i) Local Sales		
Sales Local Prime	1148.83	769.42
Sales Local Arisings	207.09	202.12
Sales Local Service Centre	614.07	686.71
Sales Local Trading	194.14	47.33
Local Sales (I)	2164.13	1705.58
ii) Export Sales		
Sales Export & Export Incentives	2077.87	1350.04
Foreign Exchange Fluctuation on Exports	(43.29)	32.52
Sales Merchandise Export	311.04	200.33
Export Sales (II)	2345.62	1582.89
TOTAL SALES (I+II)	4509.75	3288.47
Notes: 1) Sales includes Rs. 852.22 Crores (895.96) towards sales from trial run production. 2) Local Sales (Prime & Arisings) includes Rs. 74.53 Crores of Deferred Sales Tax Incentives. (Previous Year Nil)		
B) OTHER INCOME		
Commission & Other Income	0.43	2.11
TOTAL OTHER INCOME	0.43	2.11
TOTAL SALES & OTHER INCOME	4510.18	3290.58
SCHEDULE J: RAW MATERIALS, FINISHED GOODS & SEMI-FINISHED GOODS		
A) MATERIALS COST		
(1) Raw Materials Consumed		
Opening Stock	206.38	112.11
Add: Purchases	2228.97	1810.18
	2435.35	1922.29
Less: Closing Stock	113.18	206.38
Materials Consumed	2322.17	1715.91
(2) Consumption of RM at Service Centre	640.51	652.52
(3) Consumption of Trading Materials	520.09	241.23
TOTAL	3482.77	2609.66
	(A)	

Uttam Galva Steels Limited

(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE J: RAW MATERIALS, FINISHED GOODS & SEMI-FINISHED GOODS (Contd...)		
B) VARIATION IN STOCK-FINISHED GOODS & WORK-IN-PROCESS		
Closing Stock – Finished Goods	67.17	110.18
Stock-in-transit	1.83	15.98
Arisings	8.30	14.49
Work-in Process	88.76	83.20
	<u>166.06</u>	<u>223.84</u>
Less: Opening Stock – Finished Goods	110.17	60.44
Stock-in-transit	15.98	2.58
Arisings	14.49	27.87
Realty	–	0.02
Work-in-Progress	83.20	28.87
	<u>223.84</u>	<u>119.78</u>
(Increase)/Decrease in Stock (B)	<u>57.78</u>	<u>(104.06)</u>
RAW MATERIALS, FINISHED GOODS & SEMI-FINISHED GOODS	<u>3540.55</u>	<u>2505.60</u>
SCHEDULE K: OTHER MANUFACTURING EXPENSES		
Power Consumption	77.90	46.21
Fuel Consumption	72.51	50.35
Stores & Spares Consumed	29.66	33.69
Repairs & Maintenance to Plant	9.20	8.00
Processing Charges	7.66	6.46
TOTAL	<u>196.93</u>	<u>144.71</u>
SCHEDULE L: SELLING & DISTRIBUTION EXPENSES		
International Freight	96.86	72.63
F.O.B. Expenses	28.54	25.76
Local Freight	15.45	14.87
Brokerage & Commission	16.55	10.69
Other expenses	1.40	0.72
Packing Material Consumed	39.32	25.49
TOTAL	<u>198.12</u>	<u>150.16</u>



(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE M: PAYMENT TO EMPLOYEES		
Salaries & Wages	41.13	28.91
Contribution to PF/Gratuity and Other funds	5.09	1.18
Staff welfare	3.87	3.20
	<u>50.09</u>	<u>33.29</u>
SCHEDULE N: ADMINISTRATIVE COST		
Insurance	3.71	2.44
Travelling & Conveyance	4.70	3.81
Rent, Rates & Taxes	1.32	0.66
Legal, Professional & Consultancy Charges	3.48	3.72
Repairs & Maintenance to Building	1.89	1.90
Repairs & Maintenance to others	1.23	0.95
Security charges	1.34	0.94
Other Expenses	8.93	6.57
Payment to auditors – Audit Fees	0.30	0.15
Loss on Sale of Fixed Assets	0.12	0.08
TOTAL	<u>27.02</u>	<u>21.22</u>
SCHEDULE O: INTEREST & FINANCIAL CHARGES		
On Long term debts	148.40	82.75
Interest & Financial Charges Capitalised	(99.82)	(59.09)
On Working Capital Limits & Others	133.87	120.12
Interest Received on Bank Deposits (Gain)	(3.51)	(3.70)
(Gain)/Loss on Forward Contracts	(13.31)	(26.20)
TOTAL	<u>165.63</u>	<u>113.88</u>

Note: Interest & Financial Charges Capitalised Includes Rs. 50.04 Crores Foreign Currency Revaluation Loss on FCTL, provided as per AS.11.

Uttam Galva Steels Limited

SCHEDULE P: ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

A. SIGNIFICANT ACCOUNTING POLICIES

1.01 (a) Basis of Accounting:

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, on going concern basis, and in line with accounting standards issued by the Institute of Chartered Accountants of India, as applicable, and the provisions of the Companies Act, 1956.

(b) Use of Estimates:

The Preparation of financial statements in conformity GAAP requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the assumptions relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligation in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

(c) Revenue Recognition:

The Company recognizes revenue on the sale of products when the products are despatched to the customer or when delivered to the ocean carrier for export sales, which is when risks and rewards of ownership are passed to the customer.

1.02 Foreign Currency Loans/Transactions:

- (a) Material imports are accounted at the custom exchange rates prevailing at the time of receipts.

Exchange Fluctuations, if any, at the time of retirement, are appropriately accounted as a part of material (purchase) cost. Similarly Bills Payable (balances) at year end are accounted at exchange rate prevailing at year end (as per revised AS - 11).

(b) Export Transactions:

- (i) Export transactions are accounted at the custom exchange rates prevailing at the time of shipments.

Exchange fluctuations, if any, at the time of realisation are appropriately accounted.

- (ii) Exports, contracts covered by foreign exchange 'cover' with banks, are booked at contracted rates. Income/ expenditure incurred in case of cancellation of forward cover contracts, mainly due to variation in bank involved/ date of execution are treated as export realisation.

- (iii) In case receipt of Export Advances, exchange rates prevailing on date of receipts (of advances) is treated as relevant exchange rate (for exports).

- (c) (i) Foreign currency Term Loan Contracts, covered by Foreign Exchange Swaps are booked at contracted rates.
(ii) Other Foreign Currency Term Loans (balances) are accounted at Exchange Rate prevailing at the year end; and such gain/loss is considered as finance cost.

- (d) Such gain/loss in transactions referred in para (c) above, and other foreign currency contracts and/or derivative contracts and relevant exchange gain/loss there to, are considered as finance cost.

1.03 Interest on Term Loans, Premium on redemption of Debentures/Debts:

- (i) Pursuant to the Reschedule/Realignment Scheme, interest payable during 2000-2009 financial years is lower than the average interest rate during 2000-2014 financial years. The Company is treating interest payable (yearly rate) as interest accrued.

- (ii) On reschedulement and realignment of term debts, financial cost incurred is treated as accrued on date of realignment of realigned term debts and provided in the relevant financial year.

1.04 Employee Benefits:

- (a) The Company has taken Group Gratuity Policy with the Life Insurance Corporation of India (LIC) for future payment of Gratuities.

Any deficit in Plan Assets managed by LIC and as compared to the Actuarial Liability is recognized as a liability immediately.

- (b) Leave Encashment benefit shall be accrued at the year end.



1.05 The Treatment of Expenditure during Construction Period:

- (a) The Company accounts for expenditure during construction period as per the "Guidance Note on Treatment of Expenditure during Construction Period issued by "Institute of Chartered Accountants of India." Expenditure directly related to particular fixed assets is capitalized to those fixed assets. All indirect expenses are apportioned to various fixed assets on a reasonable basis. This is done once the construction and erection work is completed, pending which the accumulated amount is disclosed as Capital Work-in-progress Pending capitalization under fixed asset.
- (b) Interest on Loans are capitalised upto the date on which the asset is 'Put to Use'. Interest includes exchange fluctuation on Foreign Currency Term Loans.
It is in line with Accounting Standards on Borrowing Cost and long term foreign currency debts and Accounting Standards on Fluctuation on Foreign Exchange currency.
- (c) The Income and Expenditure during trial runs is included in the Profit & Loss Account. Excess of expenditure over income is capitalised.
- (d) Temporary surplus in short term i.e. liabilities over assets are used for Capital Work In Progress. Interest and consequential cost is appropriately accounted/reimbursements.
- (e) Upfront Expenses incurred on mobilisation of term debts is treated as a part of Capital Cost of relevant project.

1.06 Fixed Assets and Depreciation:

- (a) Fixed assets are carried at cost less accumulated depreciation.
- (b) Cost excludes Cenvat credit, sales tax and service tax credit and such other levies/taxes. Depreciation on such assets is claimed on 'reduced' cost.
- (c) Depreciation on fixed assets has been provided on straight line method at the rates specified, in the Schedule XIV of the Companies Act, 1956, in Line with Notification No. GSR/756(E) dated, 16th December, 1993.
- (d) Depreciation on assets acquired during the year has been provided on pro-rata basis; from the date on which it is 'Put to Use'.

1.06 Impairment of Assets:

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

1.07 Investment:

The Company does not provide for temporary diminution in value of long term investments, if any.

1.08 Inventories:

- (a) Inventories are valued as under after providing for obsolescence:
 - (i) Raw Materials – At Cost (Moving Weighted Average Method)
 - (ii) Work-in-Process – At Material Cost plus labour and other appropriate portion of production and administrative overheads and depreciation.
 - (iii) Finished Goods – At lower of cost or realisable value. Cost is inclusive of any taxes and duties incurred.
 - (iv) Stores spares etc. – At Cost
 - (v) Arisings – At realisable value
- (b) (i) Raw-materials include stock-in-transit and goods lying in Bonded Warehouses.
(ii) Finished goods include stock-in-transit at Docks awaiting Shipment and stocks with consignees.
(iii) Inventory includes goods lying with third party/job workers/consignees.

1.09 Provision for Taxation:

Income tax expense is the aggregate amount of current tax, fringe benefit tax charges. Current year taxes are determined in accordance with the provisions of Income Tax Act, 1961 prevailing in India.

Uttam Galva Steels Limited

1.10 Earning per Share:

The Company reports basic and diluted earning per share in accordance with AS-20 'Earning per Share' issued by the ICAI. Basic earning per share is computed by dividing the net profit after tax by the weighted average number of shares outstanding for the year.

1.11 Accounting for Provisions, Contingent liabilities and Contingent Assets

- (a) In conformity with AS-29, 'Provisions, Contingent Liabilities and Contingent Assets', issued by the Institute of Chartered Accountants of India. The Company recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.
- (b) No provision is recognised for:
- (i) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (ii) Any present obligation that arises from past events but is not recognised because:
- (1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (2) A reliable estimate of the amount of obligation cannot be made.
- Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.
- (iii) Contingent Assets are not recognised in the financial statements as this may result in the recognition of income that may never be realised.

1.12 Export entitlements/obligations:

- (a) Duty free import of raw materials under advance licenses for imports as per import and export policy are matched with exports made/produced. Benefit/Obligation are accounted by making suitable adjustments in raw material consumption.
- (b) The benefits accrued under the Duty Entitlement Pass Book Scheme (DEPB) and Duty Free Import Authorisation (DFIA) as per the relevant import and export policies during the year are included under the head:
- (i) Sales: Export incentives
- (ii) Raw material consumed
- (iii) Stores & Rolls consumed
- (c) Export incentives receivable on export performance are recognised in pursuance to 'Accounting Standard 9 on Revenue Recognition', (AS-9) with reference to certainty of collectability of such export incentives.

1.13 (a) Sales are recognised at the time of despatch to customers/endorsement of documents and includes Central Excise Duty; as may be applicable.

(b) Finished goods captively consumed as packing materials are excluded from sales. Transfer Price, as taken in Central Excise Duty records, is treated as the packing material cost.

1.14 Deferred sales tax incentive available to the Company under Maharashtra Value Added Tax (MVAT) is recognised as sales in case Net present value (NPV) is duly paid to the designated authority before the approval of annual accounts.

1.15 C.R. Coils Production excludes C.R. baby coils produced.

1.16 Customs Duty:

The Company has been accounting for custom duty liability, as may be applicable, in respect of imported raw material lying in bonded warehouse as and when they are ex-bonded.



1.17 Central Excise Duty and Service Tax:

- (a) The Company is accounting liability for excise duty on finished goods as and when goods are cleared as per consistent practice, in pursuance to the accepted practice of the Excise authorities.
- (i) Inventory valuation:
- (1) Finished goods in the plant at the close of the year are valued inclusive of excise duty.
- (2) Raw materials and work in process are valued exclusive of Cenvat claimed.
- (ii) Profit/Loss for the year remain unaffected by inclusion/exclusion of Excise Duty in inventory valuation referred in clauses (1) and (2) above.
- (b) The Company is accounting liability for Service Tax for services purchased, at the time of payment. The credit for Input Services Tax is claimed as per appropriate laws, rules and regulations.

1.18 Inter Unit transactions are eliminated to the extent possible.

B. NOTES ON ACCOUNTS

2.0 Previous Year's figures are regrouped and rearranged wherever necessary.

3.0 Contingent Liabilities not provided for in respect of:

3.1	31st March 2009 Rs. Crores	31st March 2008 Rs. Crores
(a) Letters of Credit outstanding	600.56	412.90
(b) Bank Guarantees	47.25	14.61
(c) Estimated amount of contracts remaining to be executed on capital account and not provided for	115.00	104.00
(d) Bills Discounted	NIL	0.04

3.2 The Company had given a corporate guarantee of Rs. 70 Crores to Commissioner of Customs against export obligation of Uttam Galva Metalics Limited.

- 4.0** (a) The Company does not have taxable income as per the provisions of the Income Tax Act, 1961, except MAT liability.
(b) The Income Tax Assessment is completed upto 31st March, 2005. i.e. Assessment Year 2005-06.
(c) The Sales Tax Assessments are completed upto 31st March, 2008.
(d) The Company does not expect any liability on remaining assessments/appeals.

5.0 Pursuant to revision of Accounting Standard 11 (AS 11), exchange fluctuation loss of Rs. 50.04 Crores (net of previous year gain of Rs. 15.42 Crores) on Foreign Currency Loans is adjusted against cost of relevant fixed assets.

6.0 Deferred Tax Accounting:

As per the provisions of Income Tax Act, 1961 the Company has unabsorbed depreciation. As a conservative business policy, the Company has not recognised the same as Deferred Tax Asset.

6.1 During the year the Company has recognised '**MAT Credit Entitlement**' to the sum of Rs. 10.85 crores (Previous Rs. 14.09 crores) pertaining to MAT payment for the current year.

7.0 During the year, the Company decided to prepay taxes payable under Deferral Sales Tax scheme, Against the Deferral Sales Tax liability of Rs. 61.24 crores for period upto March 2008. The Company has prepaid Rs. 19.72 crores; at net present value as prescribed and consequential balance of Rs. 41.52 crores is treated as sales. This credit has accrued and arisen during the financial year 2008-09.

8.0 Total expenditure includes cost of sales, Rs. 957.48 Crores, (Previous year 953.39 Crores) related to goods produced during trial run. Excess of expenditure over sale realisation is capitalised.

9.0 The Company has provided for Unclaimed Leave Encashment Benefits as at 31st March, 2009 to the tune of Rs. 2.32 crores.

Uttam Galva Steels Limited

10.0 Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the accounting standard 15 (Revised) the details of which are as follows:

Amount to be recognised in Balance Sheet As at 31 st March, 2009	Rs. in Crores
Gratuity	
Present Value of Funded Obligations	5.32
Present Value of Unfunded Obligations	–
Fair Value of Plan Assets (managed by insurer)	(2.01)
Net Liability	3.31
Amounts in Balance Sheet	
Liability	3.31
Assets	–
Net Liability	3.31
Expenses to be recognised in the Statement of P&L	
Current Service Cost	0.86
Interest on Defined Benefit Obligation	0.25
Expected Return on Plan Assets	(0.14)
Net Actuarial Losses/(Gains) Recognised in Year	0.90
Total, included in “Employee Benefit Expense”	1.87
Actual Return on Plan Assets	0.14
Reconciliation of Benefit Obligations & Plan Assets For the Period	
Change in Defined Benefit Obligation	
Opening Defined Benefit Obligation	3.57
Current Service Cost	0.86
Interest Cost	0.25
Actuarial Losses/ (Gains)	0.90
Benefits Paid	(0.26)
Closing Defined Benefit Obligation	5.32
Change in Fair Value of Assets	
Opening in Fair Value of Plan Assets	1.66
Expected Return on Plan Assets	0.14
Actuarial Gains / (Losses)	–
Contributions by Employer	0.46
Benefits Paid	(0.26)
Closing Fair Value of Plan Assets	2.01
Principal Actuarial Assumptions (Expressed as Weighted Averages)	
Discount Rate (p.a.)	8.00%
Expected Rate of Return on Assets (p.a.)	NIL
Salary Escalation Rate (p.a.)	7.00%

Note:The Company has charged an additional amount of Rs. 1.43 Crores, towards difference in opening Assets and Liabilities of the Fund.



11.0 Earning Per Share (EPS)

a) Earning Per Share (EPS) - Basic		
Profit for the year	100.17	123.87
Weighted average No. of ordinary shares for Basic EPS	119848203	106546107
Earning per share (EPS) Basic. (Rupees)	8.36	11.63
b) Earning Per Share (EPS) - Diluted		
Profit for the year	100.17	123.87
Weighted average No. of ordinary shares for Basic EPS	119848203	106546107
Add: Adjustment for Conversion of FCCBs in to equity shares	16883311	33766622
Total Weighted average No. of ordinary shares for Diluted EPS	136731514	140312729
Earning per share (EPS) Diluted. (Rupees)	7.33	8.83

12.0 Capital Work-in-progress:

Expenses incurred towards On-going Projects under various heads of capital assets including advances paid to suppliers are as under:

	31 st March 2009 Rs. Crores	31 st March 2008 Rs. Crores
(1) Land, Buildings Site development expenses	103.47	89.14
(2) Plant & Machinery	118.30	42.86
(3) Consultant's fees	5.22	1.64
(4) Other Fixed Assets	1.94	0.32
(5) Preoperative expense	63.20	11.24
(6) Advances to Suppliers	130.12	144.99
(7) Sundry Creditors	(8.95)	(11.62)
	<u>413.30</u>	<u>278.57</u>

- 13.0 (a) During the year, the Company has ceased to be a holding Company of MKR International Limited, a wholly owned subsidiary incorporated in British Virgin Island (BVI).
- (b) During the year, Uttam Galva Holdings Limited, a wholly owned subsidiary has been incorporated at Dubai U.A.E. There are no operations/transactions in the Company except the administrative cost of 127,550 Dirham (INR 0.18 Crores).

14.1 Merger of Power Division of Shree Uttam Steel and Power Limited (SUSPL) with the Company

Power Division of Shree Uttam Steel and Power Limited (SUSPL) has been merged with the Company. The Scheme of Arrangement was sanctioned by the Hon'ble High Court of Judicature at Bombay vide Order dated August 7, 2009 and by the Hon'ble High Court of Bombay, Goa Bench at Goa vide Order dated August 17, 2009. The Scheme became effective on August 21, 2009 by filing of high court orders with respective Registrar of Companies, the Appointed Date of the Scheme of Arrangement being April 1, 2008.

Financial Results

The assets and liabilities of Power Division of SUSPL have been incorporated in the Company's books with effect from April 1, 2008 (appointed date), and is summarised below:

Uttam Galva Steels Limited

Pursuant to the Scheme:

- i) The assets, liabilities, rights and obligations of erstwhile Power Division of SUSPL has been vested with the Company with effect from 1st April, 2008 and have been recorded at their respective fair value, under the purchase method of accounting for merger.

In pursuant to the said scheme, following assets and liabilities of SUSPL have been taken over by the Company.

(Rs. in Crores)

Land	29.95
Vehicle	0.07
Gross Fixed Assets	30.02
Less: Depreciation	0.01
Net Fixed Assets	30.01
Capital Work in Progress	0.01
Cash & Bank Balances	0.05
Loan and Advances	0.10
Current Liabilities	0.08

- ii) 58,74,760 Fully Paid Equity Shares of Rs. 10/- each of the Company to be issued to the shareholders of SUSPL (i.e. 51,25,000 Equity Shares to Equity Shareholders and 7,49,760 Equity Shares to Redeemable Preference Shareholders) without payment being received in cash. Pending allotment, the face value of such shares has been shown as "Equity Share Capital Suspense Account".
- iii) Excess of the fair value of net assets taken over by the Company over the paid-up value of equity shares to be issued and allotted (as referred to under (iii) above), amounts to Rs. 24.23 crores and the same has been credited to Securities Premium Suspense Account.

14.2 The Board of Directors had approved the audited accounts on 9th May, 2009, subject to the sanction of Scheme of Arrangement between SUSPL and UGSL filed with the High Court of Judicature at Bombay and High Court of Bombay, Goa Bench at Goa. Now the Company has received the sanctions and accounts are appropriately revised to give effect of orders passed by High Court of Judicature at Bombay and High Court of Bombay, Goa Bench at Goa as mentioned in 14.1 above.

15.0 (a) List of Related Parties with whom the Company have entered into transactions during the year in the ordinary course of business:

(i) Key Managerial Personnel:

Mr. Rajinder Miglani
Mr. Praveen Miglani
Mr. Anuj Miglani
Mr. Ankit Miglani

Note: Details relating to remuneration to the above key management personnel have been disclosed in Note No. 17(a).

(ii) Other Related Parties:

(Associates of the Company/Enterprises over which key management personnel and/or their relatives exercise significant influence)

Wholly Owned Subsidiary:

Uttam Galva Holding Limited

Joint Venture:

Texturing Technology Private Limited



Associates:

Growell Mercantile Private Limited
 Shree Uttam Steel and Power Limited
 Uttam Galva Metallics Limited
 Uttam Biotechnology Park Infrastructure Private Limited
 Uttam Distribution Network Limited
 Uttam Flour Mills Private Limited
 Uttam Galva International Limited
 Uttam IT Park Projects Private Limited
 Uttam Utkal Steels Limited

b) Details of transactions with related parties referred to in (a)(ii) above:

	Subsidiaries	Associates
Sale of goods/services	Nil	1.04
Finance: (including loans and equity contributions in cash or in kind).	1.37	Nil

(Rs. In Crores)

Earlier the Company was a key investor in Uttam Galva Metallics Limited and financially supported Uttam Galva Metallics Limited project implementation. On withdrawal of such investment, funds given are being received back.

16.0 The Company has sent memorandum (as required to be filled by the suppliers with the notified authority under the Micro Small and Medium Enterprises Development Act, 2006) Claiming their status as on 31st March, 2009 as micro, small or medium enterprises.

The Company is of the view that such parties are restricted to Job workers, and Stores/Consumable material suppliers. Hence, such instances and respective outstanding may be insignificant.

17.0 (a) Remuneration to Chairman & Managing Director, Dy. Managing Director, Director (Commercial), Director (Sales & Marketing) and Director (Works):

	31st March 2009 Rs. Crores	31st March 2008 Rs. Crores
Managerial Remuneration	1.89	1.20
Monetary value of Perquisites	0.06	0.06
	<u>1.95</u>	<u>1.26</u>

(b) No commission is being paid to Directors. Hence, the computation of net profit under Section 349 of the Companies Act, 1956 is not given.

18.0 Additional information pursuant to paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

(a) **Capacity and Production:**

	Installed Capacity (M.T.)		Production (M.T.)	
	31.03.2009	31.03.2008	2009-2008	2008-2007
i) Galvanised Coils/Sheets/Slit Coils (Ref Note 1)	750000	750000	524751	338385
ii) Colour Coated Coils/Sheets/Slit Coils (Ref. Note 2)	90000	90000	49490	74710
iii) Cold Rolled Coils/Sheets/Slit Coils (Ref. Note 3)	900000	900000	606982	513985
iv) Less: Captive Consumption (CR)			(506203)	(332425)
Less: Captive Consumption (GP)			(51604)	(66109)
TOTAL SALEABLE STEEL (I + II + III -IV)			<u>623416</u>	<u>528546</u>

Uttam Galva Steels Limited

(b) Finished Goods and Sales:

		Opening		Closing		Sales	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Galvanised Products	Rs. Crores	44.07	40.94	54.55	44.07	2236.07	1137.22
	M.T.	10934.33	9815.02	16322.89	10934.33	468224.08	271156.55
Colour Coated Products	Rs. Crores	23.36	6.99	4.95	23.36	305.83	325.35
	M.T.	5191.97	1626.38	1125.94	5191.97	53302.85	70413.55
C. R. Coils	Rs. Crores	58.73	14.37	9.50	58.73	515.53	592.13
	M.T.	16376.34	4381.35	2863.44	16376.34	114292.40	169565.06
Arisings, H.R. Coil rejects Service Centre & Others	Rs. Crores	220.35	183.49	145.57	220.35	1452.32	1233.77
	M.T.	67094.35	55536.66	49462.11	67094.35	383636.17	388158.03
TOTAL		346.51	245.79	214.57	346.51	4509.75	3288.47

- NOTES:** (1) Galvanised Production does not include 465 MT GP Coils purchased, processed to GC and sold. (Previous Year Nil)
- (2) Colour Coating Line production includes 253 MT CC Sheets consumed for Capital Projects. (Previous Year 731 MT)
- (3) Production of 10250.567 MT CR Baby coil is not included in the aforesaid production. (Previous year 18275.857 MT)
- (4) Previous Year figures have been regrouped and reclassified to make them comparable with figures of Current Year.

(c) Raw Materials Consumed:

	For the Year 2008-09		For the Year 2007-08	
	QTY M.T.	VALUE Rs. in Crores	QTY M.T.	VALUE Rs. in Crores
H. R. & CR Coils	700851	2106.00	611731	1420.81
Zinc, Metals & Paints	24838	241.37	18276	311.27
	725689	2347.37	630007	1732.08
Less: Used for packing & Capitalised	7584	25.20	5683	16.17
Total Raw Material Consumed	718105	2322.17	624324	1715.91

(d) Material Consumed at Service Centre & Trading

H. R. Coils – Service Centre and Trading	170047	639.59	101129	306.41
Others – Service Centre and Trading	123057	521.01	199658	587.34
TOTAL	293104	1160.60	300787	893.75



(e) Value of imported and indigenous raw materials and spare parts consumed:

	For the Year 2008-09		For the Year 2007-08	
	VALUE Rs. in Crores	% of Total Consumption	VALUE Rs. in Crores	% of Total Consumption
Raw Materials				
Imported	1656.07	47.55%	1544.71	59.19%
Indigenous	1826.71	52.45%	1064.95	40.81%
	<u>3482.77</u>	<u>100.00%</u>	<u>2609.66</u>	<u>100.00%</u>
Spare Parts and Components				
Imported	3.84	13.16%	2.01	5.98%
Indigenous	25.33	86.84%	31.67	94.02%
	<u>29.17</u>	<u>100.00%</u>	<u>33.69</u>	<u>100.00%</u>

(f) Value of imports on CIF basis:

	2008-09 Rs. in Crores	2007-08 Rs. in Crores
Raw materials	1580.05	1493.07
Spare Parts & Components	6.46	10.00
Capital Goods	59.48	16.65

19.0 (a) Expenditure in Foreign Currency:

	2008-09 Rs. in Crores	2007-08 Rs. in Crores
(i) Travelling and Other Expenses	1.12	0.91
(ii) ECB Interest Cost & Associated Legal Fees	60.59	32.38
(iii) Commission & Freight on Export	67.31	36.94

(b) Expenditure in respect of employees who were in receipt of remuneration aggregating not less than Rs. 24,00,000/- if employed through out the financial year or if employed for part of the financial year were in receipt of remuneration for any part of the year at a rate which in the aggregate was not less than Rs. 200,000/- per month.

	31.03.2009		31.03.2008	
	No. of Employees	Amount Drawn (Rs. in Crore)	No. of Employees	Amount Drawn (Rs. in Crore)
Whole Year	5	2.03	3	0.89

(c) Earnings in Foreign Currency:

	31.03.2009 Rs. in Crores	31.03.2008 Rs. in Crores
Exports on F.O.B. value	2227.88	1510.26

Signatures to Schedules A to P

As per my report attached

For and on behalf of the Board

For **Prakkash Muni & Associates**
Chartered Accountants

Rajinder Miglani
Chairman & Managing Director

Praveen Miglani
Director

Prakkash R. Muni
Proprietor
Membership No. 30544

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

Place : Mumbai
Dated : 27th August, 2009.

Uttam Galva Steels Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in Crores)

PARTICULARS	2008-09	2007-08
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax and Extraordinary Items	101.36	124.33
Adjustments for Depreciation	92.37	64.76
(Profit)/Loss on Sale of Assets	0.12	0.08
Interest & Financial Charges	165.63	113.88
Operating Profit Before Working Capital Changes	359.48	303.05
Adjustments for:		
(Increase)/Decrease in Trade and other Receivables	-253.19	-4.36
(Increase)/Decrease in Inventories	353.99	-320.86
(Increase)/Decrease in Inventories - Realty Stock	0.00	0.02
Increase/(Decrease) in Trade Payables	23.11	306.61
Cash Generated from Operations	483.39	284.46
Direct Taxes Paid (Net of Refunds)	-12.68	-2.61
Cash Flow from Operating Activities	470.71	281.85
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-692.19	-434.55
Sale of Fixed Assets	0.47	0.55
Purchase of Investments	-4.73	-48.00
Sale of Investments	48.04	0.00
Interest/Dividend/Exchange Gain/(Loss)	16.82	29.91
Net Cash Used in Investing Activities	-631.59	-452.09
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Application/Call Money on Share Capital	5.88	8.68
Securities Premium received	14.20	30.49
Redemption of Preference Shares	-1.50	-1.50
Redemption/Conversion of FCCB	-42.02	-40.23
Proceeds from Long Term Borrowings	358.67	248.05
Repayments of Long Term Borrowings	-69.65	-147.67
Interest & Financial Charges Paid	-182.45	-143.78
Proceeds from Deferred Sales Tax Loan/ICD/Unsecured Loans	198.87	38.55
Net Cash Generated from Financing Activities	282.00	-7.41
Net Increase in Cash & Cash Equivalents (A+B+C)	121.12	-177.65
Cash & Cash Equivalents (Opening)	31.88	209.53
Cash & Cash Equivalents (Closing)	153.00	31.88

Notes: 1. Cash Flow Statement has been prepared following the indirect method except in case of interest paid/received, dividend paid/received, purchase and sale of Investments which have been considered on the basis of actual movements of cash with necessary adjustments in the corresponding assets and liabilities.
2. Purchase of Fixed Assets includes movement of Capital Work in Progress between the beginning and end of the year and net of Creditors for Capital Expenditure.
3. Cash and Cash Equivalents represent Cash & Bank balances and bank deposits only.

For and on behalf of the Board

Rajinder Miglani
Chairman & Managing Director

Praveen Miglani
Director

Place : Mumbai
Dated : 27th August, 2009

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

AUDITORS' CERTIFICATE

I have verified the attached Cash Flow Statement of **Uttam Galva Steels Limited**, derived from the audited financial statements and the books and records maintained by the Company for the financial year ended 31st March, 2009 and found the same to be in agreement therewith.

For **Prakkash Muni & Associates**
Chartered Accountants

Place : Mumbai
Dated : 27th August, 2009

Prakkash R. Muni
Proprietor
Membership No. 30544



ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1 Registration Details:

Registration No. State Code:
Balance Sheet Date

2 Capital raised during the year (Rs. in Crores)

Public Issue Right Issue
Bonus Issue Private Placement (GDR)

3 Position of mobilisation and deployment of funds

Total Liabilities Total Assets

Sources of Funds

Paid up Share Capital
Share Application Money
Reserves and Surplus
Secured Loan
Unsecured Loan

Application of Funds:

Net Fixed Assets
Investment
Net Current Assets
Miscellaneous Expenses
Accumulated Losses

4 Performance of Company

Turnover Total Expenditure
Profit/(Loss) before tax Profit/(Loss) after tax
Earning per share Dividend (%)

5 Generic Names of Principal Product, Services of the Company

Item Code No.: Product Description:
Item Code No.: Product Description:

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
Sr. Vice President & Company Secretary

Place : Mumbai
Dated : 27th August, 2009.

Uttam Galva Steels Limited

**STATEMENT U/S 212 OF THE COMPANIES ACT, 1956 RELATING TO
SUBSIDIARY COMPANIES**

1.	Name of the Company	Uttam Galva Holdings Limited
2.	Date from which they become Subsidiary Companies	21 st February, 2008
3.	Financial Year of the Subsidiary ended on	31 st March, 2009
4.	Shares of the Subsidiary held by Uttam Galva Steels Ltd. on the above dates i) Number & Face Value ii) Extent of holding	10,000 & 100 Dirham 100%
5.	Net aggregate Profit or (Loss) for the current year (Rs. in Crores)	(Rs. 0.18)
6.	Net aggregate amounts of the profits or losses of the subsidiary so far as it concerns the members of the holding Company and is dealt with in the accounts of holding Company. a) for the financial year of the Subsidiary (Rs. in Crores) b) for the previous financial years of the Subsidiary since it became its Subsidiary	(Rs. 0.18) NIL
7.	Net aggregate amounts of the profits or losses of the Subsidiary so far as it concerns the members of the holding Company and is not dealt with in the accounts of holding Company. a) for the financial year of the Subsidiary b) for the previous financial years of the Subsidiary since it became its Subsidiary	NIL NIL

Note: Uttam Galva Holdings Limited has incorporated a downstream wholly owned subsidiary namely Ferro Zinc International FZE in Jebel Ali Free Zone in United Arab Emirates (UAE) on 23rd October, 2008, the accounts of which will be consolidated in the next financial year of the Company.

For and on behalf of the Board

Rajinder Miglani
Chairman & Managing Director

Praveen Miglani
Director

Place : Mumbai
Dated : 27th August, 2009.

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



UTTAM GALVA HOLDINGS LIMITED

**COMPANY INFORMATION AS AT
MARCH 31, 2009**

SHAREHOLDER : Uttam Galva Steels Limited

BOARD OF DIRECTORS : Rajinder Miglani
Anuj Miglani
Ankit Miglani

REGISTRATION NO. : 104374

REGISTERED OFFICE : LOB 15 - 514
P O Box : 17870
Jebel Ali Free Zone,
Dubai
United Arab Emirates

AUDITORS : UHY Saxena
P O Box: 23271
Dubai
United Arab Emirates

BANKER : Standard Chartered Bank

UTTAM GALVA HOLDINGS LIMITED

DIRECTORS' REPORT

The Board of Directors hereby present their first report together with the audited financial statements for the period ended March 31, 2009.

TRADING OPERATIONS

During the period under review, the Company did not carry out any trading operations.

FINANCIAL RESULTS

(Rs. in Crores)

	Year Ended 31st March, 2009 (13 months)
Net loss for the period	(0.18)

DIRECTORS

During the period under review the following changes took place in the composition of the Board of Directors of the Company:

Admitted: Rajinder Miglani
Anuj Miglani
Ankit Miglani

AUDITORS

UHY Saxena, Chartered Accountants, will retire at the conclusion of the meeting, have expressed their willingness to continue in office and are eligible for re-appointment.

OTHER MATTERS

At the end of this report the Board of Directors are not aware of any circumstances not otherwise dealt with in this report or the accounts, which would render any amount stated in the accounts misleading.

ACKNOWLEDGEMENT

The Board of Directors acknowledge the efforts of the Management and staff and are thankful to the shareholders and bankers for providing continuing support to the Company.

On behalf of the Board of Directors

Place: Dubai
Date : May 07, 2009

Rajinder Miglani

Uttam Galva Steels Limited

UTTAM GALVA HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT

**The Shareholders,
Uttam Galva Holdings Limited**

We have audited the accompanying financial statements on pages 4 to 12 of Uttam Galva Holdings Limited, ("the Company"), for the period ended March 31, 2009 which comprise of the Balance Sheet, Statement of Income, Statement of Change in Equity, Cash Flow Statement and Notes 1 to 11 relating to and forming part of these financial statements.

Respective Responsibilities of the Board of Directors and Auditors

The Board of Directors of the Company are responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards and the Offshore Companies Regulations of 2003 issued by the Jebel Ali Free Zone Authority. We are responsible to audit these financial statements in accordance with International Standards on Auditing and to express an opinion on these financial statements based on our audit.

Basis of Audit Opinion

We have conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit so as to obtain all information and explanations which we consider necessary to provide reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements, referred to above, present fairly, in all material aspects, the financial position of Uttam Galva Holdings Limited as at March 31, 2009 and of its financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards.

We also confirm that in our opinion proper books of accounts have been kept by the Company and the contents of the report of the Board of Directors which relates to these financial statements are in agreement with the books of accounts. We have obtained all the information and explanations we required for the purpose of our audit and to the best of our knowledge and belief no violations of the Offshore Companies Regulations of 2003 of the Jebel Ali Free Zone Authority or the articles of association of the Company have occurred during the period which would have had a material effect on the business of the Company or on its financial position.

Place : Dubai
Date : May 07, 2009

UHY Saxena
Chartered Accountants



UTTAM GALVA HOLDINGS LIMITED
BALANCE SHEET AS AT MARCH 31, 2009

(Rs. in Crores)

	Note	2009
ASSETS		
Non-current Assets		
Investment in Subsidiary		1.42
Current Assets		
Bank Balances and Cash	4	0.01
Total Assets		1.43
LIABILITIES AND SHAREHOLDERS' FUNDS		
Shareholders' Funds		
Share Capital	5	1.42
Retained losses		(0.17)
Shareholders' account	6	0.17
		1.42
Current Liabilities		
Provisions and Accruals	7	0.01
		0.01
Total Liabilities and Shareholders' Funds		1.43

These financial statements were approved by the Board of Directors on May 07, 2009 and signed on their behalf by:

Rajinder Miglani

Director

Uttam Galva Steels Limited

UTTAM GALVA HOLDINGS LIMITED

STATEMENT OF INCOME PERIOD ENDED MARCH 31, 2009

(Rs. in Crores)

	Note	2009 (13 months)
EXPENSES		
General and administration	8	0.18
		<u>0.18</u>
Net loss for the period		<u>(0.18)</u>

STATEMENT OF CHANGE IN EQUITY PERIOD ENDED MARCH 31, 2009

	Share Capital	Retained Losses	Total
Issued during the period	1.42	Nil	1.42
Net loss during the period	Nil	(0.18)	(0.18)
As at March 31, 2009	<u>1.42</u>	<u>(0.18)</u>	<u>1.24</u>



UTTAM GALVA HOLDINGS LIMITED
STATEMENT OF CASH FLOWS PERIOD ENDED MARCH 31, 2009

(Rs. in Crores)

	2009 (13 months)
Cash Flow from Operating Activities	
Net loss for the period	(0.18)
Operating profit before working capital changes	
Change in provisions and accruals	0.02
Net cash used in operating activities	(0.16)
Cash Flow from Investing Activities	
Investment in subsidiary	(1.42)
Net cash used in investing activities	(1.58)
Cash Flow from Financing Activities	
Issue of shares	1.42
Shareholders' account	0.17
Net cash generated from financing activities	1.59
Net increase in cash and cash equivalents	0.01
Cash and cash equivalents at end of the period	0.01
These comprise the following:	
Bank balances	0.01
	0.01

UTTAM GALVA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2009

1 LEGAL STATUS AND BUSINESS ACTIVITY

1.1 Legal Status

Uttam Galva Holdings Limited is registered as an Offshore Company with limited liability under Registration No. 104374 formed in accordance with the Offshore Companies Regulations of the Jebel Ali Free Zone of 2003.

1.2 Shareholders

The shareholders of the Company are :

Name	Number of shares	% of shares
Uttam Galva Steels Limited	10,000	100
	<u>10,000</u>	<u>100</u>

1.3 Management

The management of the Company comprises of :

Board of Directors : Rajinder Miglani
 : Anuj Miglani
 : Ankit Miglani

1.4 Business Activity

- 1.4.1 Trading in all kinds of steel including mild, high carbon spring, high speed tools, alloy, stainless steels metals, etc.
- 1.4.2 Investment in limited liability companies, partnerships, joint ventures and any other company.
- 1.4.3 General trading.
- 1.4.4 Investment in properties outside U.A.E.
- 1.4.5 Own real property of the Palm Islands or Jumeirah Island or any property owned by Nakheel Company LLC or Emaar Properties or Dubai World of Dubai Holdings or any other real property approved by the authority and outside United Arab Emirates.

During the period under review, the Company did not carry out any trading operations.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB and applicable requirements of UAE laws. Significant accounting policies, adopted and applied consistently in dealing with items that are considered material in relation to these financial statements, are set below.

2.2 Accounting Convention

The financial statements have been prepared under the historical cost convention basis.

2.3 Going Concern Assumption

The Company is viewed as continuing its business for the foreseeable future under the going concern assumption. The financial statements are prepared on a going concern basis, as the Management has no intention to liquidate the company or cease its operations. The assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

2.4 Investment in Subsidiary

Investment is valued at cost. Provision for decline, if any, in the value of investments is charged to the profit and loss.

2.5 Financial Instruments

Financial assets are recognised when the Company becomes a party to the contractual provision of the financial instrument. Financial assets are derecognised when the contractual rights to receive the cash flows expire or substantially all the risks and rewards of ownership have been transferred. These are stated at cost less impairment losses. These are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.



Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. The Company derecognises financial liabilities when they are discharged, cancelled or expired. Financial liabilities are recognised at cost, or where the impact is material at amortised cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the balance sheet which are classified as non-current liabilities.

2.6 Provisions

Provisions are recognised when the Company has a present obligation as a result of past event and it is probable that the outflow of resources will be required to settle the obligation. Provisions are based on Management's estimate of the expenditure and can be reliably measured.

2.7 Foreign Currencies

Foreign currency transactions are recorded in Arab Emirates Dirhams at the approximate rate of exchange prevailing at the time of transaction. Foreign currency balances of monetary assets and liabilities are translated to Arab Emirates Dirhams at the rate of exchange prevailing at the date of balance sheet. Profit or loss on exchange is included in the profit and loss account.

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, banks current accounts, demand deposits and short term highly liquid deposits with a maturity date of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of accounting policies that have the most significant effect on the amounts recognised in the financial statements, and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as explained in Note 2.

(Rs. in Crores)

	2009
4 Bank Balances and Cash	
Balance in local currency bank accounts	0.01
	<u>0.01</u>
(Bank balances are subject to confirmation.)	
5 Share Capital	
10,000 shares of AED 100 each	1.42
	<u>1.42</u>
6 Shareholders' Account	
Uttam Galva Steels Limited	0.17
	<u>0.17</u>
7 Provisions and Accruals	
Accrued expenses	0.02
	<u>0.02</u>
8 General and Administration Expenses	
Legal and professional	0.18
	<u>0.18</u>

9 Financial Instruments - Risk Management

The Company is exposed to financial risks of markets mainly related to currency risk, interest rate risks, other price risks, credit risks and liquidity risk. The Company's policies and procedures keeps the Management updated on these risks and it takes appropriate measures to control or minimise its adverse effects, if any, on the financial position and performance of the Company.

(a) Market Risks

Currency Risk

The Company's substantial assets and liabilities are denominated in Arab Emirates Dirham or in United States Dollars to which the Arab Emirates Dirham is fixed. Hence there is no material exchange rate risks.

At the balance sheet date, since there was no material exposure to currencies other than USD currency, net loss for the period is not materially sensitive to currency risks.

Interest Rates Risks

The Company has no interest rate risk as at the period end under review.

(b) Credit Risk

The financial asset which subjects the Company to credit risks consist of bank balances. Bank balances are with regulated financial institutions.

(c) Liquidity Risk

The Company's financial liabilities are mainly related to the accruals which are settled in the normal course of business.

(d) Fair Values

At the balance sheet date, the carrying amounts of the financial assets and financial liabilities represent their fair values.

(e) Capital Risk Management

The Company's objectives in maintaining capital are:

- To enable it to continue as a going concern and to maximise the wealth and returns to its shareholders.
- To have sufficient resources for company's future expansion and development.

The capital resources comprising of the shareholders fund is AED 993,500 as at the balance sheet date.

10. Contingent Liabilities

As represented by the management except for the ongoing purchase commitments in the normal course of business against which no loss is expected, there are no other known contingent liabilities existing at the balance sheet date.

11. Comparative Figures

Being the first financial statements of the company prior period figures have not been stated. Current period figures are for a period of 13 months ended March 31, 2009.

These financial statements were approved by the Board of Directors on May 07, 2009 and signed on their behalf by:

Rajinder Miglani

Director



AUDITORS' REPORT ON CONSOLIDATED BALANCE SHEET

To,

The Shareholders of
Uttam Galva Steels Limited
Mumbai

1. I have audited the attached consolidated financial statements of **UTTAM GALVA STEELS LIMITED** and its subsidiary for the year ended 31st March, 2009.
2. I have conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. I report that the Consolidated Financial Statements has been prepared by the Company in accordance with the requirement of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the separate audited Financial Statements of Uttam Galva Steels Limited and its wholly owned subsidiary Company, Uttam Galva Holdings Limited.
4. On the basis of information and explanation given to me and on the consideration of separate audit report on individual financial statements of Uttam Galva Steels Limited and its wholly owned subsidiary, Uttam Galva Holdings Limited, I am of the opinion that:
 - a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Uttam Galva Steels Limited and its subsidiary as at 31st March, 2009;
 - b) The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operation of Uttam Galva Steels Limited and its subsidiary for the year ended on that date; and
 - c) The Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flow of Uttam Galva Steels Limited and its subsidiary for the year ended on that date.

For **Prakash Muni & Associates**
Chartered Accountants

Place : Mumbai
Dated : 27th August, 2009.

Prakash R. Muni
Proprietor
Membership No. 30544

Uttam Galva Steels Limited

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in Crores)

	Schedule	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	119.84	115.47
Reserves & Surplus	B	709.96	595.57
		<u>821.80</u>	<u>711.04</u>
LOAN FUNDS			
Secured	C	1077.67	830.23
Unsecured	D		
– FCCB		110.34	152.36
– Others		222.89	24.04
		<u>1410.90</u>	<u>1006.63</u>
TOTAL		<u>2240.70</u>	<u>1717.67</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	2267.36	1710.37
Less: Depreciation		482.84	390.64
NET BLOCK		<u>1784.52</u>	<u>1319.73</u>
Capital Work-in-Progress		413.30	278.57
		<u>2197.58</u>	<u>1598.30</u>
INVESTMENTS	F	8.01	51.13
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	493.99	847.98
Sundry Debtors		365.73	241.65
Cash & Bank Balances		153.01	31.88
Loans & Advances		575.41	437.79
		<u>1588.14</u>	<u>1559.30</u>
Less: CURRENT LIABILITIES & PROVISIONS	H		
Current Liabilities		1541.23	1476.51
Provisions		12.04	14.55
		<u>1553.27</u>	<u>1491.06</u>
NET CURRENT ASSETS		<u>34.87</u>	<u>68.24</u>
TOTAL		<u>2240.70</u>	<u>1717.67</u>
ACCOUNTING POLICIES & NOTES TO ACCOUNTS			
	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
Sr. Vice President & Company Secretary

Place : Mumbai
Dated : 27th August, 2009.



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009

(Rs. in Crores)

Schedule	As at 31.03.2009	As at 31.03.2008
INCOME		
Sales: Local	2164.13	1705.58
Export	2345.62	1582.89
Gross Sales	4509.75	3288.47
Less: Excise Duty	(138.11)	(132.63)
	4371.64	3155.84
Other Income		
Non Operational	0.43	2.11
TOTAL	4372.07	3157.95
EXPENDITURE		
Materials Cost	3482.77	2609.66
(Increase)/Decrease in Stock	57.78	(104.06)
Other Manufacturing Expenses	196.93	144.71
Selling & Distribution Expenses	198.12	150.16
Payment to Employees	50.09	33.29
Administrative Cost	27.00	21.22
	4012.69	2854.98
Profit before Interest & Depreciation	359.38	302.97
Interest & Financial Charges (Net)	165.63	113.88
Profit/(Loss) before Depreciation	193.75	189.09
Depreciation	92.37	64.76
Profit/(Loss) before Tax	101.38	124.33
Less: Provision for Tax - MAT	11.48	14.09
Add: MAT Credit Entitlements	10.85	14.09
Less: Provision for Fringe Benefit Tax	0.56	0.46
Profit/(Loss) after Tax	100.19	123.87
Add: Balance C/F from earlier years - P&L A/C	423.50	301.13
Profit/(Loss) available for Appropriations	523.69	425.00
Appropriated as under:		
(i) Balance Transferred to Capital Redemption Reserve	1.50	1.50
(ii) Balance Carried to Balance Sheet	522.19	423.50
Basic Earnings Per share (in Rs.)	8.36	11.63
Diluted Earnings Per share (in Rs.)	7.33	8.83
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	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
Sr. Vice President & Company Secretary

Place : Mumbai
Dated : 27th August, 2009.

Uttam Galva Steels Limited

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE A: SHARE CAPITAL		
AUTHORISED		
16,90,00,000 Equity Shares of Rs. 10 Each	169.00	169.00
60,00,000 Redeemable Cumulative Preference Shares of Rs. 10/- each	6.00	6.00
	<u>175.00</u>	<u>175.00</u>
ISSUED		
11,39,73,443 (11,39,73,443) Equity Shares of Rs. 10/- each	113.97	113.97
53,68,469 (53,68,469) 12% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each	5.37	5.37
58,74,760 (NIL) Equity Shares of Rs. 10/- each to be issued to the Shareholders of Shree Uttam Steel and Power Limited (SUSPL) in pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay and by the Hon'ble High Court of Bombay, Goa Bench at Goa.	5.87	—
	<u>125.21</u>	<u>119.34</u>
SUBSCRIBED & PAID UP		
11,39,73,443 (11,39,73,443) Equity Shares of Rs. 10/- each	113.97	113.97
0' (15,00,000) 12% Optionally Convertible Cumulative Redeemable Preference Share	0.00	1.50
	<u>113.97</u>	<u>115.47</u>
EQUITY SHARE CAPITAL SUSPENSE ACCOUNT		
58,74,760 (NIL) Equity Shares of Rs. 10/- each to be allotted to the Equity Shareholders of Shree Uttam Steel and Power Limited (SUSPL) as fully paid up in pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay and by the Hon'ble High Court of Bombay, Goa Bench at Goa, without payment being received in cash, pending allotment.	5.87	—
	<u>119.84</u>	<u>115.47</u>

	As at 31.03.2008 Rupees Crores	Additions/(Ded.) during the year Rupees Crores	As at 31.03.2009 Rupees Crores
SCHEDULE B: RESERVES & SURPLUS			
Capital Reserve	0.32	—	0.32
Capital Redemption Reserve	3.87	1.50	5.37
Securities Premium Account	167.88	(10.03)	157.85
Securities Premium Suspense Account	—	24.23	24.23
	<u>172.07</u>	<u>15.70</u>	<u>187.77</u>
Profit & Loss Account	423.50	98.69	522.19
	<u>595.57</u>	<u>114.39</u>	<u>709.96</u>

Notes: 1. Capital Reserve represents:

- Rs. 0.006 crore being surplus on reallocation of shares forfeited.
 - Rs. 0.200 crore being Special Capital incentive received from Government of Maharashtra.
 - Rs. 0.047 crore being amount of application money received on forfeiture of equity shares.
 - Rs. 0.064 crore being amount of dividend on account of forfeited equity shares.
2. The Premium paid on redemption of FCCB 'B' Series Rs. 10.03 Crores has been charged to the Securities Premium Account, and
3. Securities Premium Suspense Account Comprises of excess of fair value of net assets taken over by the Company over the paid up value of equity shares to be issued to the shareholders of Shree Uttam Steel and Power Limited (SUSPL) in pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay and by the Hon'ble High Court of Bombay, Goa Bench at Goa.



(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE C: SECURED LOANS		
I. TERM LOANS		
a) Rupee Loan	774.08	522.23
b) Foreign Currency Loans	289.95	252.62
	1064.03	774.85
2. '0' (1,30,000) Non Convertible Debentures of Rs. 100/- each fully paid up	–	1.30
3. Optionally Fully Convertible Debentures/Loans		
0% Debentures/Loans	2.37	
Premium Accrued But not Due	2.37	2.37
Interest Accrued but not due on term loans	5.43	4.41
	0.84	0.71
	1072.67	783.64
4. WORKING CAPITAL LOANS/OTHER LOANS:		
Cash Credit and Working Capital Demand Loans from banks	5.00	46.59
Total Secured Loan	1077.67	830.23

Notes:

Serial number of Notes correspond to serial numbers of Loans mentioned earlier.

- (1) a) Term Loans availed from ICICI, IDBI, LIC, IFCI, IBI, UBI, GIC, Canara Bank, IOB, BOB, Corporation Bank, Union Bank, Allahabad Bank, Dena Bank and Syndicate Bank ranking *pari passu inter-se* are secured by mortgage of all immovable properties and hypothecation of all moveable properties including moveable machineries, machinery spares, tools and accessories, both present and future except Packing Machine supplied by PESMEL, Finland and Captive Power Plant Equipments.
The previous Rupee Term Loan of Rs. 415.42 Crores (Rs. 522.23 Crores) are secured by personal guarantee of two Directors.
The Fresh Rupee Term Loan of Rs. 310 Crores (NIL) sanctioned and disbursed Rs. 244.47 Crores (Nil) are secured by personal guarantee of one Director.
The Power Plant Equipments are exclusively charged to IDBI, IDFC and State Bank of Mysore for Term Loan sanctioned of Rs. 221 Crores (NIL) and disbursed Rs. 114.2 Crores (NIL).
The Rupee Term Loan for Captive Power Plant is secured by personal guarantee of one Director.
- b) i) ECB Loan of
USD 3.75 million (6.25 million) equivalent to Rs. 19.29 Crores (Rs. 25.07 Crores) from Bank of India;
USD 2.1875 million (3.125 million) equivalent to Rs. 11.25 Crores (Rs. 12.53 Crores) from Syndicate Bank;
USD 47.50 million (50 million) equivalent to Rs. 244.39 Crores (Rs. 200.55 Crores) syndicated by ICICI Bank, (as Facility Agent)
are secured by mortgage of all immovable properties and hypothecation of all movable properties including movable machineries, machinery spares, tools and accessories both present and future except Packing Machine supplied by PESMEL, Finland and Captive Power Plant Equipments.
The above mentioned ECB Loans are secured by personal guarantee of two Directors.
- ii) ECA of USD 2.9185 million (3.3354 million) equivalent to RS. 15.02 Crores (Rs. 13.38 Crores) is secured by hypothecation of Packing Machine supplied by PESMEL, Finland.
- (2) Nil (Rs. 1.30 Crores) Non Convertible Debentures are secured by
(a) first mortgage and charge on the movable & immovable assets present and future ranking *Pari-passu* subject to the prior charges on specific movables created to be created in favour of Company's bankers for working capital borrowings.
(b) Personal Unconditional Irrevocable Guarantee of two directors.
(c) *Pari-Passu* Joint Pledge of Promoters Shareholding with Other Term Lenders as specified in 5(b).
Redemption: Commencing from 1st April, 2004 to 1st January, 2009.
- (3) Optionally Fully Convertible Bonds are convertible into Equity Preference Share at the option of the holder at a future date and are secured by:
(a) first mortgage and charge on the movable & immovable assets present and future ranking *Pari-passu* subject to the prior charges on specific movables created to be created in favour of Company's bankers for working capital borrowings.
(b) Personal Unconditional Irrevocable Guarantee of two directors.
Redemption: Commencing from 1st June, 2010 to 1st June, 2014.
- (4) Loans from banks on cash credit accounts are secured by hypothecation of all tangible, moveable properties such as raw material, Work-in-Progress, finished goods, stock in transit and book debts etc. and the second charge on fixed assets of the Company except Packing machine supplied by PESMEL, Finland and Captive Power Plant Equipments.
- (5) 2,12,24,700 equity shares held by the promoters are pledged by them against term loan of Rs. 42.24 Crores (Rs. 47.89 Crores) availed by the Company.

Uttam Galva Steels Limited

(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE D: UNSECURED LOANS		
1. a) Short Term Loans	219.26	0.10
b) Deferred Sales Tax Loan	–	19.72
c) Sicom Loan	3.63	4.22
	222.89	24.04
2. FOREIGN CURRENCY CONVERTIBLE BONDS	90.04	152.36
Premium Accrued But not Due	20.30	–
Total Unsecured Loan	333.23	176.40

- (1) Short Term Loans Includes Advances from Customers; in nature of loans in view of recent fall in prices and Global Economic Scenario.
- (2) The Company has issued Series 'A' US \$ 24 Million and Series 'B' US \$ 20 Million 2 percent Convertible Bonds of face value of US \$ 1000 aggregating to US \$ 44 Million.
- (i) As per the terms of the issue, the bonds are convertible at any time on or after September 18, 2005 and upto the close of business on July 31, 2010 into newly issued, ordinary shares at an initial conversion price of Rs. 45.12 per Share with a fixed rate of exchange on conversion of Rs. 43.53 = US \$ 1. The conversion price will be subject to certain adjustment in certain circumstances. Out of this, bonds worth USD 9 Million (USD 2.5 Million from Series B and USD 6.5 Million from Series A) have been converted into equity shares in the year 2007-08.
- (ii) Further, the bonds may subject to certain conditions be redeemed in whole at the option of the Company at any time on or after August 10, 2008 at their Early Redemption Amount.
- (iii) The Series B bonds worth USD 17.50 Million redeemed at the option of a Bondholder on August 9, 2008 at 117.25 percent of their principal amount. The premium paid on redemption has been charged to Share Premium Account.
- (iv) Unless previously converted, redeemed or repurchased and cancelled, the bonds will be redeemed on August 10, 2010 at 130.97 percent of their principal amount.
- (v) **FCCB 'A' Series:-** The Company has opted to treat FCCB as a debt and consequential exchange difference is accounted as additional cost for fixed assets acquired against the same. The assets being in the preoperative stage, exchange difference will be duly amortised over the life span of the asset. In case the said FCCBs are converted into shares at a later date, the same will be reversed appropriately.
- (vi) The Premium accrued on FCCB Series A, to the tune of 17.50 Millions, has been provided up to 31st March, 2009
- (vii) These bonds are listed on Singapore Stock Exchange.

SCHEDULE E: FIXED ASSETS

(Rs. in Crores)

	RATE SLM %	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		COST 1-Apr-08	ADDI- TIONS	DEDUC- TION	COST 31-Mar-09	UP TO 1-Apr-08	PERIOD ENDED			AS AT 31-Mar-09	AS AT 31-Mar-08
							31-Mar-09	DEDUC- TION	TOTAL		
Land	–	4.82	36.31	–	41.13	–	–	–	–	41.13	4.82
Building & Site Development	3.34	301.74	110.87	–	412.62	38.18	11.77	0.01	49.95	362.57	263.56
Flats/Office Premises	1.63	2.63	0.39	0.07	2.95	0.09	0.05	–	0.14	2.81	2.54
Plant & Machinery	5.28	1375.71	405.97	–	1781.68	340.68	78.34	–	419.03	1362.65	1035.02
Furniture & Fixtures	6.33	7.75	0.27	–	8.02	4.42	0.49	–	4.91	3.11	3.32
Office Equipments	13.91	2.87	0.25	–	3.12	2.37	0.27	–	2.64	0.48	0.50
Computer	16.21	6.50	1.64	–	8.14	2.62	1.09	–	3.71	4.43	3.88
Vehicles	9.50	4.67	1.44	0.40	5.71	1.39	0.30	0.16	1.53	4.18	3.28
Housing Complex	1.63	3.68	0.31	–	3.99	0.88	0.06	–	0.94	3.05	2.80
TOTAL		1710.37	527.45	0.47	2267.36	390.64	92.37	0.17	482.84	1784.52	1319.73
PREVIOUS YEAR		1121.61	589.32	0.55	1710.37	326.09	64.76	0.22	390.64	1319.73	



(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE F: INVESTMENTS		
1. UNQUOTED INVESTMENTS		
a) Subsidiary Company		
i) 10,000 Equity Shares of US \$ 1/- each, of MKR International Ltd. fully paid	–	0.04
ii) 1 Share of UAE Dirhams 10,00,000 of Ferro Zinc International FZE	1.40	–
b) Others		
i) National Saving Certificate VIII Issue	0.01	0.01
ii) 20,000 Equity Shares of Rs. 25/- each of Punjab & Maharashtra Co-op. Bank Ltd.	0.05	0.05
iii) 30,20,000 Equity Shares of Rs. 10/- each of Texturing Technology Pvt. Ltd. fully paid	3.02	3.02
iv) 3,00,000 Unsecured Optionally Fully Convertible Debentures of Rs. 100/- each in Shree Bhavani Power Projects Pvt.. Ltd.	3.00	–
v) 5,15,000, Equity Shares of Rs. 10/- each in Ansal Hi-Tech Township Ltd. fully Paid.	0.52	–
vi) 9,994 Equity Shares of Rs. 10/- each of Uttam Utkal Steels Ltd. fully paid	0.01	0.01
vii) Share Application Money Uttam Galva Metallics Ltd.	–	48.00
	8.01	51.13
SCHEDULE G: CURRENT ASSETS, LOANS & ADVANCES		
(A) CURRENT ASSETS		
(a) Inventories (As valued & Certified by the Management)		
Raw Materials	250.43	412.24
Raw Materials - in transit	3.69	141.74
Finished goods	69.00	126.16
Work-in-Process	88.76	83.19
Arisings	8.30	14.49
Packing Material	1.40	0.98
Stores, Spares, Consumables, etc.	72.41	69.18
	493.99	847.98
(b) Sundry Debtors : (Unsecured, considered good)		
Debts outstanding for the period exceeding six months	12.21	13.11
Other Debts	353.92	228.94
Less: Provision for Bad & Doubtful Debts	(0.40)	(0.40)
	365.73	241.65
(c) Cash & Bank Balances		
Cash on Hand	0.42	0.45
Balance in Current Accounts with Scheduled Banks	61.39	31.13
Short Term Deposit/Margin money deposit	91.20	0.30
	153.01	31.88
SUB TOTAL (A)	1012.73	1121.51

Uttam Galva Steels Limited

(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE G: CURRENT ASSETS, LOANS & ADVANCES (Contd...)		
(B) LOANS & ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	130.79	111.68
Advances to Suppliers	231.71	140.94
Deposits with Government & Semi Govt.Bodies	98.71	104.40
Deposits with Others	36.89	17.50
Prepaid Expenses	19.36	14.01
Advance Income Tax	13.28	15.43
MAT Credit Entitlements	44.66	33.82
Sales Tax	0.01	0.01
SUB TOTAL (B)	575.41	437.79
TOTAL (A) + (B)	1588.14	1559.30
SCHEDULE H: CURRENT LIABILITIES & PROVISIONS		
(a) Current Liabilities		
Sundry Creditors	126.10	80.90
Sundry Creditors – Subsidiary Companies	–	157.97
Advance from Customers	1022.48	783.39
Bills Payable acceptance	350.41	379.85
Other Liabilities	42.24	74.40
	1541.23	1476.51
(b) Provisions		
Provision for Tax (MAT)	11.48	14.09
Provision for Fringe Benefit Tax	0.56	0.46
	12.04	14.55
TOTAL (a) + (b)	1553.27	1491.06
SCHEDULE I: SALES & OTHER INCOME		
A) SALES		
i) Local Sales		
Sales Local Prime	1148.83	769.42
Sales Local Arisings	207.09	202.12
Sales Local Service Centre	614.07	686.71
Sales Local Trading	194.14	47.33
Local Sales (I)	2164.13	1705.58
ii) Export Sales		
Sales Export & Export Incentives	2077.87	1350.04
Foreign Exchange Fluctuation on Exports	(43.29)	32.52
Sales Merchandise Export	311.04	200.33
Export Sales (II)	2345.62	1582.89
TOTAL SALES (I+II)	4509.75	3288.47
Notes:		
1) Sales includes Rs. 852.22 Crores (895.96) towards sales from trial run production.		
2) Local Sales (Prime & Arisings) includes Rs. 74.53 Crores of Sales Tax Incentives Received (Previous Year Nil)		
B) OTHER INCOME		
Commission & Other Income	0.43	2.11
TOTAL OTHER INCOME	0.43	2.11
TOTAL SALES & OTHER INCOME	4510.18	3290.58



(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE J: RAW MATERIALS, FINISHED GOODS & SEMI-FINISHED GOODS		
A) MATERIALS COST		
(1) Raw Materials Consumed		
Opening Stock	206.38	112.11
Add: Purchases	2228.97	1810.18
	<u>2435.35</u>	<u>1922.29</u>
Less: Closing Stock	113.18	206.38
Materials Consumed	<u>2322.17</u>	<u>1715.91</u>
(2) Consumption of RM at Service Centre	640.51	652.52
(3) Consumption of Trading Materials	520.09	241.23
TOTAL (A)	<u>3482.77</u>	<u>2609.66</u>
B) VARIATION IN STOCK-FINISHED GOODS & WORK-IN-PROCESS		
Closing Stock – Finished Goods	67.17	110.18
Stock-in-transit	1.83	15.98
Arisings	8.30	14.49
Work-in Process	88.76	83.19
	<u>166.06</u>	<u>223.84</u>
Less: Opening Stock – Finished Goods	110.18	60.44
Stock-in-transit	15.98	2.58
Arisings	14.49	27.87
Realty	–	0.02
Work-in-Process	83.19	28.87
	<u>223.84</u>	<u>119.78</u>
(Increase)/Decrease in Stock (B)	<u>57.78</u>	<u>(104.06)</u>
RAW MATERIALS, FINISHED GOODS & SEMI-FINISHED GOODS	<u>3540.55</u>	<u>2505.60</u>
SCHEDULE K: OTHER MANUFACTURING EXPENSES		
Power Consumption	77.90	46.21
Fuel Consumption	72.51	50.35
Stores & Spares Consumed	29.66	33.69
Repairs & Maintenance to Plant	9.20	8.00
Processing Charges	7.66	6.46
TOTAL	<u>196.93</u>	<u>144.71</u>

Uttam Galva Steels Limited
(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE L: SELLING & DISTRIBUTION EXPENSES		
International Freight	96.86	72.63
F.O.B. Expenses	28.54	25.76
Local Freight	15.45	14.87
Brokerage & Commission	16.55	10.69
Other expenses	1.40	0.72
Packing Material Consumed	39.32	25.49
TOTAL	198.12	150.16
SCHEDULE M: PAYMENT TO EMPLOYEES		
Salaries & Wages	41.13	28.91
Contribution to PF/Gratuity and Other funds	5.09	1.18
Staff welfare	3.87	3.20
	50.09	33.29
SCHEDULE N: ADMINISTRATIVE COST		
Insurance	3.71	2.44
Travelling & Conveyance	4.70	3.81
Rent, Rates & Taxes	1.32	0.66
Legal, Professional & Consultancy Charges	3.64	3.72
Repairs & Maintenance to Building	1.89	1.90
Repairs & Maintenance to others	1.23	0.95
Security charges	1.34	0.94
Other Expenses	8.75	6.57
Payment to auditors – Audit Fees	0.30	0.15
Loss on Sale of Fixed Assets	0.12	0.08
TOTAL	27.00	21.22
SCHEDULE O: INTEREST & FINANCIAL CHARGES		
On Long term debts	148.40	82.75
Interest & Financial Charges Capitalised	(99.82)	(59.09)
On Working Capital Limits & Others	133.87	120.12
Interest Received on Bank Deposits (Gain)	(3.51)	(3.70)
(Gain)/Loss on Forward Contracts	(13.31)	(26.20)
TOTAL	165.63	113.88

Note: Interest & Financial Charges Capitalised Includes Rs. 50.04 Crores Foreign Currency Revaluation Loss on FCTL, provided as per AS.11.



SCHEDULE P: ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

A. SIGNIFICANT ACCOUNTING POLICIES

1.01 Accounting Policies

Most of the accounting policies of the holding Company and that of the subsidiary are similar. The accounting policies followed by the holding Company are disclosed in its individual financial statements annexed in the annual report.

1.02 List of Subsidiary Company

<u>Name of the Company</u>	:	<u>Extent of holding (%)</u>
Uttam Galva Holdings Limited		100%

1.03 Financial statement of overseas subsidiary Uttam Galva Holdings Limited, has been translated as integral operations as per AS.11 (Revised 2003) on the effects of changes in foreign exchange rates, issued by ICAI.

1.04 The Consolidated Financial Statement of Uttam Galva Steels Limited and its subsidiary, are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India and Accounting Standard 21 on Consolidation of Financial Statements, issued by ICAI to the extent possible in the same format as adopted by the holding Company for separate financial statements. The consolidation of financial statements of the holding and its subsidiary is done to the extent possible on a line by adding together like liability, income and expenses. All significant inter-group transactions, unrealised inter-Company profits or losses and balances have been eliminated.

Signatures to Schedules A to P

As per my report attached

For **Prakash Muni & Associates**
Chartered Accountants

Prakash R. Muni
Proprietor
Membership No. 30544

Place : Mumbai
Dated : 27th August, 2009

For and on behalf of the Board

Rajinder Miglani
Chairman & Managing Director

Praveen Miglani
Director

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

Uttam Galva Steels Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in Crores)

PARTICULARS	31.03.2009	31.03.2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax and Extraordinary Items	101.38	124.33
Adjustments for Depreciation	92.37	64.76
(Profit)/Loss on Sale of Assets	0.12	0.08
Interest & Financial Charges	165.63	113.88
Operating Profit Before Working Capital Changes	359.50	303.05
Adjustments for:		
(Increase)/Decrease in Trade and other Receivables	-253.02	-4.36
(Increase)/Decrease in Inventories	353.99	-320.86
(Increase)/Decrease in Inventories - Realty Stock	0.00	0.02
Increase/(Decrease) in Trade Payables	23.14	306.61
Cash Generated from Operations	483.61	284.45
Direct Taxes Paid (Net of Refunds)	-12.68	2.61
Cash Flow from Operating Activities	470.93	281.85
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-692.19	-434.55
Sale of Fixed Assets	0.47	0.55
Purchase of Investments	-4.92	-48.00
Sale of Investments	48.04	0.00
Interest/Dividend/Exchange Gain/(Loss)	16.82	29.91
Net Cash Used in Investing Activities	-631.78	-452.09
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Application/Call Money on Share Capital	5.88	8.68
Securities Premium received	14.20	30.49
Redemption of Preference Shares	-1.50	-1.50
Redemption/Conversion of FCCB	-42.01	-40.23
Proceeds from Long Term Borrowings	358.67	248.05
Repayments of Long Term Borrowings	-69.65	-147.67
Interest & Financial Charges Paid	-182.45	-143.78
Proceeds from Deferred Sales Tax Loan/ICD/Unsecured Loans	198.85	38.55
Net Cash Generated from Financing Activities	281.98	-7.41
Net Increase in Cash & Cash Equivalents (A+B+C)	121.13	-177.65
Cash & Cash Equivalents (Opening)	31.88	209.53
Cash & Cash Equivalents (Closing)	153.01	31.88

NOTES: 1. Cash Flow Statement has been prepared following the indirect method except in case of interest paid/received, dividend paid/received, purchase and sale of Investments which have been considered on the basis of actual movements of cash with necessary adjustments in the corresponding assets and liabilities.
2. Purchase of Fixed Assets includes movement of Capital Work in Progress between the beginning and end of the year and net of Creditors for Capital Expenditure.
3. Cash and Cash Equivalents represent Cash & Bank balances and bank deposits only.

For and on behalf of the Board

Rajinder Mglani
Chairman & Managing Director

Praveen Mglani
Director

Place : Mumbai
Dated : 27th August, 2009

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

AUDITORS' CERTIFICATE

I have verified the attached Consolidated Cash Flow Statement of **Uttam Galva Steels Limited**, derived from the audited financial statements and the books and records maintained by the Company for the financial year ended 31st March, 2009 and found the same to be in agreement therewith.

For **Prakkash Muni & Associates**
Chartered Accountants

Place : Mumbai
Dated : 27th August, 2009

Prakkash R. Muni
Proprietor
Membership No. 30544



UTTAM GALVA STEELS LIMITED

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

PROXY FROM

I/We _____ of _____ being a member/
members of the Company hereby appoint _____
of _____ or failing him/her _____ of
_____ as my/our proxy to vote for me/us and on my/our behalf at the **24th Annual
General Meeting** to be held at **11.00 a.m. on Saturday, 26th September, 2009** or adjournment thereof.

Signed this _____ day of _____ 2009

Signature _____

**Affix
Re. 1.00
Revenue
Stamp**

Note: The proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

Name of Shareholder(s)	Folio No.
No. of Shares:	Client ID:

..... cut here



UTTAM GALVA STEELS LIMITED

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

ATTENDANCE SLIP

Name and Address of Shareholder	Folio No.:
No. of Shares:	Client ID:

I/We hereby record my/our attendance at the **Twenty Fourth Annual General Meeting** at **11.00 a.m. on Saturday, the 26th September, 2009** at M C Ghia Hall, 18/20 K Dubhash Marg, Mumbai - 400 001.

Signature of Shareholder or Proxy _____

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.

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