

26th
26th
Annual Report
Annual Report
2010 - 2011

UTTAM GALVA STEELS LIMITED

Uttam Galva Steels Limited

BOARD OF DIRECTORS

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

DIRECTOR (FINANCE) & CFO

GURSHARAN S SAWHNEY

SR. VICE PRESIDENT & COMPANY SECRETARY

R AGRAWAL

WORKING CAPITAL BANKERS

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

STATUTORY AUDITORS

M/S. PRAKKASH MUNI & ASSOCIATES
CHARTERED ACCOUNTANTS
MUMBAI

INTERNAL AUDITORS

M/S. K S AIYAR & CO.
MUMBAI

REGISTERED OFFICE

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

OTHER OFFICES / BRANCHES

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

WORKS

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

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VISION, MISSION AND VALUES

VISION

Become the world's favoured
flat steel products brand

MISSION

To consistently provide quality steel
products ensuring customer delight

VALUES

Integrity : Honouring all commitments

Value for Time : Business at supersonic speed

Ethics : Ethical business practices with
all stakeholders

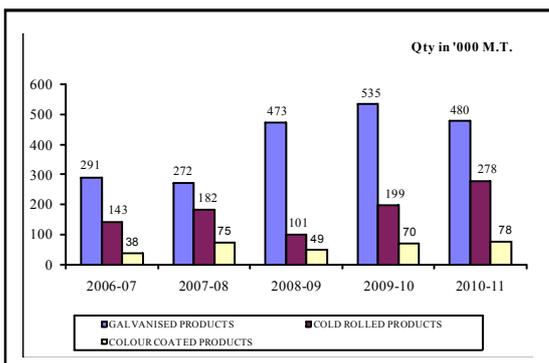
FINANCIAL HIGHLIGHTS

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

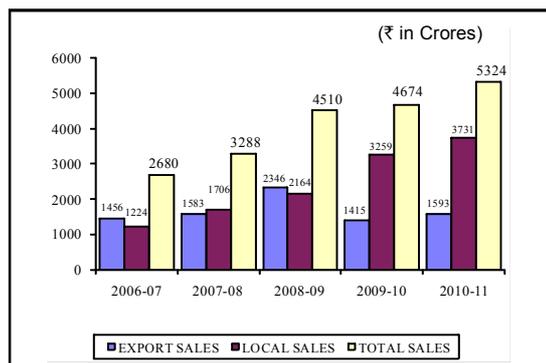


FINANCIAL HIGHLIGHTS

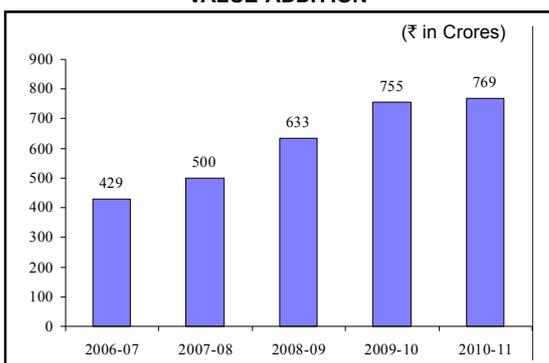
SALEABLE PRODUCTION



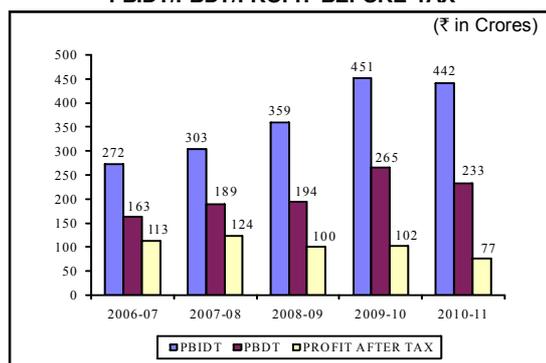
TOTAL SALES



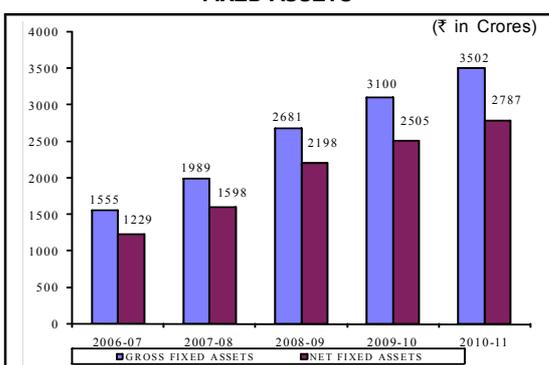
VALUE ADDITION



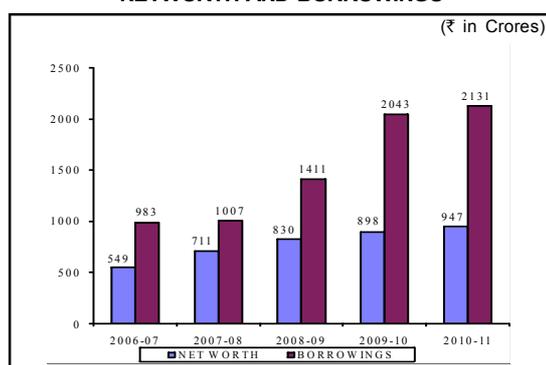
PBIDT/PBDT/PROFIT BEFORE TAX



FIXED ASSETS



NETWORTH AND BORROWINGS



NOTICE

NOTICE is hereby given that the **26th ANNUAL GENERAL MEETING** of the Members of the Company will be held at 11:00 a.m. on Saturday, the 20th August, 2011 at M. C. Ghia Hall, 18/20, K. Dubhash Marg, Mumbai – 400 001 to transact the following business :

ORDINARY BUSINESS :

1. To adopt the Profit & Loss Account for the Financial Year ended 31st March, 2011 and the Balance Sheet as at that date and Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri S. P. Talwar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri A. K. Mahendru, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S. G. Tudekar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. Prakash Muni & Associates, Chartered Accountants, (Registration No. 111792W) as the Statutory Auditor for the Financial Year 2011-2012, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 27th Annual General Meeting and to authorize the Board of Directors to decide their remuneration.

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

Registered Office:

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

R Agrawal
Sr. Vice President & Company Secretary

Date : 30th May, 2011

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN**

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

2. Register of Members & Debentureholders and Transfer Books of the Company shall remain closed from 16th August, 2011 to 20th August 2011 (both days inclusive).
3. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their queries to the Company Secretary at the Registered Office of the Company, so as to reach him at least seven days before the date of Meeting.
4. Members/Proxies attending the Meeting are requested to bring their Attendance Slip, sent herewith, duly filled in and also their copies of the Annual Report.
5. The Company's Shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).
6. The transfer of Unclaimed Dividend to Investor Education & Protection Fund of the Central Government as required in terms of Section 205C of the Companies Act, 1956, during the current Financial Year is not applicable.
7. Details of the Directors appointed / re-appointed is provided herewith as a part of the Corporate Governance Report as required as per Clause 49 of the Listing Agreement.
8. Members are requested to provide their **E-mail addresses** to the Registrar and Share Transfer Agent of the Company namely **Universal Capital Securities Private Limited**, in order to receive the various Notices and other Communications from the Company.
9. E-mail address of the Company is **shares@uttamgalva.com**
10. All queries relating to Share Transfer and allied subjects should be addressed to :

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



DIRECTORS' REPORT

To,
The Members

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

1. FINANCIAL RESULTS (Stand Alone Basis):

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

2. OPERATIONS :

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

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

3. EXPORTS :

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

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

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

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

4. DOMESTIC MARKET :

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

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

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

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

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

5. MANAGEMENT DISCUSSION AND ANALYSIS :

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

a) Industry Structure & Development

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



reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the Profit and Loss Account for the Financial Year 2010-2011 have been made.

- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
- iv) The Annual Accounts have been prepared on a going concern basis.
- v) Proper systems are in place to ensure compliance of all laws applicable to the Company.

10. AUDITOR'S REPORT :

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

11. AUDITOR :

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

12. FIXED DEPOSITS :

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

13. INSURANCE :

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

14. LISTING OF SECURITIES :

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

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

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

15. DEMAT OF SECURITIES :

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

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

16. SUBSIDIARY COMPANY :

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

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

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

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

17. DISCLOSURES :

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto (Annexure – I) and forms part of this report.

18. ACKNOWLEDGEMENT:

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

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

For and on behalf of the Board

Place : Mumbai
Date : 30th May, 2011

Rajinder Miglani
Chairman

ANNEXURE TO THE DIRECTOR'S 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, 2011

PARTICULARS	Year Ended 31 st March, 2011	Year Ended 31 st March, 2010
A. POWER & FUEL CONSUMPTION		
1A. Electricity (Purchased)		
a. CGL Unit : Unit (KWH)	52634718	56724810
Total amount (₹ in Crores)	31.56	30.45
Rate/Unit (₹)	6.00	5.37
b. CRM Unit : Unit (KWH)	118158905	115144295
Total amount (₹ in Crores)	70.78	63.25
Rate/Unit (₹)	5.99	5.49
c. CCL Unit : Unit (KWH)	5503304	5481902
Total amount (₹ in Crores)	3.30	2.99
Rate/Unit (₹)	5.99	5.45
1B. Electricity (D.G. Set)		
Unit (KWH)	147025	49770
Total amount (₹ in Crores)	0.28	0.17
Rate/Unit (₹)	18.72	34.40
2. Coal		
	NIL	NIL
3. Furnace Oil / Heating oil		
Qty (KL)	743.74	6809.83
Total amount (₹ in Crores)	2.36	16.63
Avg. Rate (Per KL ₹)	31732	24419
4. Others		
a. HSD / LDO : Qty (KL)	2013.57	750.15
Total amount (₹ in Crores)	7.37	2.83
Avg. Rate (Per Litre ₹)	36.60	37.74
b. LPG / RLNG : Qty (MT)	12467.77	16309.21
Total amount (₹ in Crores)	36.00	39.79
Avg. Rate (Per MT ₹)	28.87	24.40
B. CONSUMPTION PER UNIT OF PRODUCTION		
Product :		
a. Galvanised Plain/Corrugated : Sheets/Coils (MT)	561498	605814
Electricity (KWH)	94.00	93.72
HSD/LDO (KL)	0.00	0.01
LPG /RLNG (MT)	0.02	0.03
b. Cold Rolled : Sheets/Coils (MT)	693713	741588
Electricity (KWH)	170.33	155.27
HSD/LDO (KL)	0.00	0.01
LPG, RLNG (MT)	0.02	0.02
c. Color coated : Sheets/Coils (MT)	77617	70497
Electricity (KWH)	70.90	77.76
HSD/LDO (KL)	0.04	0.11
LPG/RLNG (MT)	0.16	0.23
C. TECHNOLOGY ABSORPTION :		
The Company has fully absorbed the technology.		
D. FOREIGN EXCHANGE EARNINGS & OUTGO :		
Earnings (FOB Value) : Exports	1553.53	1367.48
Outgo (Cost & CIF Value) : 1. Raw Material Imported	2408.71	1822.68
2. Import of Plant & Machinery	27.37	23.57
3. Import of Stores & Spares	3.52	5.78
4. Interest Cost	23.24	51.26
5. Legal, Professional & Consultancy Fee	1.34	0.56
6. Commission	6.60	6.70
7. International Freight	21.01	21.89
8. Travelling Expenses	0.43	0.42
9. Others.	0.07	0.14



ANNEXURE TO THE DIRECTORS' REPORT

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, 2011.

Employed for Full Year

Name	Age (Years)	Designation / Nature of Duties	Remuneration (₹ in Crores)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment / Last Designation	Number of shares held (%)
Shri Rajinder Miglani	65	Executive Chairman	1.12	Graduate	45	31.12.1988	N.A	13,91,855 (1.14)
Shri Anuj Miglani	37	Managing Director	1.15	Mechanical Engineer from Imperial College, London	16	01.02.1995	N.A	13,02,094 (1.07)
Shri Ankit Miglani	32	Deputy Managing Director	1.15	Graduate in Economics from Wharton School, U.S.A.	9	29.01.2003	N.A	13,00,000 (1.06)

Notes:

1. The above appointments 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 father of Shri Anuj Miglani - Managing Director and Shri Ankit Miglani - Deputy Managing Director 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’s Philosophy is that Corporate Governance is the application of ethical business practices with all stakeholders coupled with compliance of law. The Company has all along believed in and practiced fair business and corporate practices with all its stakeholders and associates.

The Company believes that a Vibrant and Independent Board should be at the helm of affairs to ensure the highest levels of Corporate Governance. Accordingly your Company 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:

As on 31st March, 2011 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 / she is a Member	Chairman of the Committee
1.	Shri Rajinder Miglani	Executive Chairman	12	—	—	—
2.	Shri Praveen Miglani (Resigned w.e.f. 30/05/2011)	Non-Executive	1	—	—	—
3.	Shri S. P. Talwar	Independent	10	—	8	4
4.	Shri P. G. Kakodkar	Independent	9	1	5	2
5.	Shri S. T. Parikh	Independent	—	—	—	—
6.	Dr. N. S. Datar	Independent	4	—	3	—
7.	Smt. Lalita Sharma	Independent (Nominee of IDBI)	—	—	—	—
8.	Smt. Swarna Prabha Sukumar	Independent (Nominee of LIC)	—	—	—	—
9.	Shri Anuj Miglani	Managing Director	10	—	—	—
10.	Shri Ankit Miglani	Dy. Managing Director	15	—	—	—
11.	Shri A. K. Mahendru	Director (Sales & Marketing)	—	—	—	—
12.	Shri S. G. Tudekar	Director (Works)	—	—	—	—



ii. **Attendance of each Director at the Board Meeting during the Financial Year 2010-2011 and the last Annual General Meeting (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 (Resigned w.e.f. 30/05/2011)	4	Yes
3.	Shri S. P. Talwar	1	No
4.	Shri P. G. Kakodkar	3	No
5.	Shri S. T. Parikh	4	Yes
6.	Dr. N. S. Datar	4	Yes
7.	Smt. Lalita Sharma	2	No
8.	Smt. Swarna Prabha Sukumar	1	No
9.	Shri Anuj Miglani	3	Yes
10.	Shri Ankit Miglani	3	Yes
11.	Shri A. K. Mahendru	4	Yes
12.	Shri S. G. Tudekar	4	Yes

iii. **The Board of Directors during the Financial Year 2010-2011 had Four Meetings which are as follows :**

- 1) 29.05.2010 2) 28.07.2010 3) 30.10.2010 4) 29.01.2011

3. AUDIT COMMITTEE:

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

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The terms of reference and powers of the Audit Committee are as mentioned in Clause 49 II (A) to (E) 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 & Chairperson :**

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

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

Shri R Agrawal, Sr. Vice President & Company Secretary acts as the Secretary of the Audit Committee.

Uttam Galva Steels Limited

iii. Meetings and attendance during the year :

The Audit Committee during the Financial Year 2010- 2011 had the following meetings:-

- 1) 29.05.2010 2) 28.07.2010 3) 30.10.2010 4) 29.01.2011

iv. During the period 01.04.2010 to 31.03.2011, the Audit Committee met Four 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	4
2.	Shri. P. G. Kakodkar	3
3.	Shri. S. T. Parikh	4

Dr. N. S. Datar, Chairman of the Audit Committee was present at the last Annual General Meeting of the Company to answer Shareholder's queries.

4. SUBSIDIARY COMPANIES :

Your Company does not have any Indian Subsidiary Company. However, the Company has Four Subsidiary Companies incorporated abroad.

5. REMUNERATION COMMITTEE :

i. Brief Description of Terms of Reference :

Pursuant to the Clause 49 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 remuneration 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 :

1. Dr. N..S. Datar
2. Shri S. T. Parikh
3. Smt. Lalita Sharma

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

iii. Attendance during the Year :

During the period 01.04.2010 to 31.03.2011, the Remuneration Committee met once on 30th October, 2010 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	1
2.	Shri S. T. Parikh	1
3.	Smt. Lalita Sharma	Nil

iv. Remuneration Policy :

The remuneration to the Executive and Non Executive Directors of the Company is approved by the Remuneration Committee as per the Remuneration Policy of the Company.



v. **Details of remuneration to all the Directors:**

a. **Non-Executive Directors :**

The Non-Executive Directors are paid sitting fees as remuneration for attending the Meetings of Board of Directors, Audit Committee, Remuneration Committee and Committee of Directors. Save and except the following, there are no pecuniary relationship or transactions of the Non-Executive Directors via-a-vis the Company.

Sr. No.	Name of Directors	Sitting fees (₹)	Equity Shares held in the Company
1.	Shri Praveen Miglani (Resigned w.e.f. 30/05/2011)	52,000	NIL
2.	Shri S. P. Talwar	10,000	NIL
3.	Shri P. G. Kakodkar	45,000	NIL
4.	Shri S. T. Parikh	74,000	53300
5.	Dr. N. S. Datar	62,000	3600
6.	Smt. Lalita Sharma	20,000	NIL
7.	Smt. Swarna Prabha Sukumar	10,000	NIL

b. **Executive Directors :**

Sr. No.	Name of Directors	Position	All elements of remuneration i.e. salary, benefits, allowances, bonus, contributions and perquisites (₹ in Crores)
1.	Shri Rajinder Miglani	Chairman	1.12
2.	Shri Anuj Miglani	Managing Director	1.15
3.	Shri Ankit Miglani	Dy. Managing Director	1.15
4.	Shri A. K. Mahendru	Director (Sales & Marketing)	0.36
5.	Shri S. G. Tudekar	Director (Works)	0.36

vi. **Disclosures regarding Directors appointment & re-appointment :**

a. **Appointment and Resignation of Directors :**

During the year, no Directors have been appointed on the Board of the Company. However Shri Praveen Miglani, Non Executive Director, has resigned from the Directorship of the Company w.e.f. 30th May, 2011 due to pre-occupation.

b. **Re-appointment of Directors :**

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

Uttam Galva Steels Limited

Name of Directors	Brief Resume	Nature of expertise in specific areas	The details of the Directorships / Committee Memberships in other Companies (excluding Private 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 42 years in operational and policy formulation in Commercial & Central Banking. He has served as the 'Chairman & 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 Ltd. o Reliance Life Insurance Co. Ltd. o Reliance General Insurance Co. Ltd. o Crompton Greaves Ltd. o Videocon Industries Ltd. o Reliance Communication Ltd. o Reliance Infratel Ltd. o A B Hotels Limited o Kalpataru Power Transmission Ltd. o GTL Infrastructure Limited 	Nil																		
			<table border="1"> <thead> <tr> <th>Name of the Company</th> <th>Committee / Positions</th> </tr> </thead> <tbody> <tr> <td>Reliance Life Insurance Co. Ltd.</td> <td>Audit (Chairman)</td> </tr> <tr> <td>Reliance General Insurance Co. Ltd.</td> <td>Audit (Member)</td> </tr> <tr> <td>Crompton Greaves Ltd.</td> <td>Audit (Member)</td> </tr> <tr> <td>Videocon Industries Ltd.</td> <td>Audit (Chairman)</td> </tr> <tr> <td>Reliance Communication Ltd.</td> <td>Audit (Chairman)</td> </tr> <tr> <td>Reliance Communication Ltd.</td> <td>Shareholders / Investor Grievance (Member)</td> </tr> <tr> <td>Housing Development And Infrastructure Ltd.</td> <td>Audit (Chairman)</td> </tr> <tr> <td>Reliance Infratel Ltd.</td> <td>Audit (Member)</td> </tr> </tbody> </table>		Name of the Company	Committee / Positions	Reliance Life Insurance Co. Ltd.	Audit (Chairman)	Reliance General Insurance Co. Ltd.	Audit (Member)	Crompton Greaves Ltd.	Audit (Member)	Videocon Industries Ltd.	Audit (Chairman)	Reliance Communication Ltd.	Audit (Chairman)	Reliance Communication Ltd.	Shareholders / Investor Grievance (Member)	Housing Development And Infrastructure Ltd.	Audit (Chairman)	Reliance Infratel Ltd.	Audit (Member)
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Reliance Communication Ltd.	Shareholders / Investor Grievance (Member)																					
Housing Development And Infrastructure Ltd.	Audit (Chairman)																					
Reliance Infratel Ltd.	Audit (Member)																					
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 45 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 joined the Company in 1998 as President (Works-Donvat & PRC) and was elevated to as Executive Director w.e.f. 01-04-2000. He got experience of 51 years in Steel Industry. He joined the Board on 28 th October, 2005.	Technical	Nil	Nil																		



6. SHAREHOLDERS' COMMITTEE

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

Shri Praveen Miglani, Non-Executive Director, is the 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 declared dividends etc. This Committee consists of the following Directors as its members: -

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

During the Financial Year 2010-2011, the Committee had two meetings *i.e.* on 30.10.2010 and 29.01.2011.

ii. Name and Designation of Compliance Officer :

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

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

During the Financial Year 2010-2011, the Company have received 11 complaints.

iv. Number of complaints not solved to the satisfaction of the shareholders :

Nil

v. Number of pending Complaints :

Nil

7. GENERAL BODY MEETINGS :

i. Location and time when the Last three Annual General Meetings held: -

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

Year	Day, Date and Time	Location
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.
2008-2009	24 th AGM held on Saturday, 26 th September, 2009 at 11:00 a.m.	M. C. Ghia Hall, 18/20, K. Dubhash Marg, Mumbai – 400 001.
2009-2010	25 th AGM held on Saturday, 18 th September, 2010 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 Meetings: - Total Six

Year	Special Resolution	Particulars
2007-2008	1) Alteration of Articles of Association of the Company.	Insertion of Article 9B Empowering the Board of Directors to Buy Back the Shares of the Company
	2) Alteration of Articles of Association of the Company.	Substitution of Article 17 in respect of Directors liable to retire by rotation.
2008-2009	1) Re-appointment of Shri S G Tudekar, Director (Works)	For a period of Three Years w.e.f. 28 th October, 2008.
	2) Alteration of Articles of Association of the Company.	Substitution of Article 21 in respect of the Remuneration to Directors by way of Sitting fees.
	3) Alteration of Articles of Association of the Company.	Substitution of Article 29 in respect of Nominee Directors.
2009-2010	Alteration of Articles of Association of the Company.	Substitution of Article 3 in respect of Authorized Share Capital of the Company



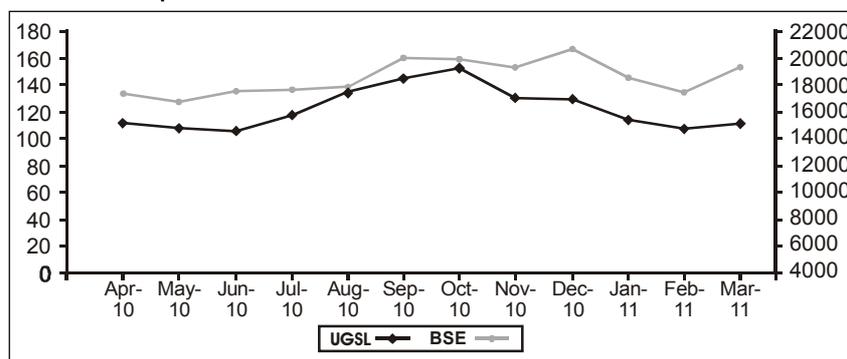
- iii. **Date of Book Closure** : 16th August, 2011 to 20th August, 2011 (both days inclusive)
- iv. **Dividend Payment Date**: Not Applicable
- v. **Listing on Stock Exchanges** :
Bombay Stock Exchange Ltd (BSE) & National Stock Exchange of India Ltd (NSE).
- vi. **Stock Code** :

Name of the Stock Exchange (<i>Equity Shares</i>)	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.	UTTAMSTL
Name of the Stock Exchange (<i>Debentures</i>)	Stock Code
Bombay Stock Exchange Ltd., WDM segment, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	946633

vii. **Market Price Data: High, Low of each month during the Financial Year 2010-2011 :**

Month	Quotation at Bombay Stock Exchange		Quotation at National Stock Exchange	
	HIGH	LOW	HIGH	LOW
April 2010	118.50	111.50	118.30	105.30
May 2010	129.85	104.30	129.90	102.15
June 2010	113.40	104.15	113.30	103.50
July 2010	121.60	104.50	121.50	104.25
August 2010	141.50	117.55	141.25	117.20
September 2010	172.40	134.50	172.60	134.10
October 2010	166.50	144.10	166.85	143.35
November 2010	164.50	124.20	157.30	124.00
December 2010	136.40	115.00	136.80	115.15
January 2011	160.60	111.10	160.50	111.00
February 2011	126.75	98.30	127.40	98.40
March 2011	117.90	105.00	117.75	106.25

viii. **Performance in comparison to BSE Sensex :**



Uttam Galva Steels Limited

ix. Registrar and Share Transfer Agent :

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

x. Share transfer system :

Shares sent for transfer in physical form are registered and returned by our Registrar and Share Transfer Agent in approximately 20 to 25 days of receipt of the documents, provided documents received are found in order. 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, 2011 is given here below:

Sr. No.	Nominal Value of Shares (₹)	No. of Shareholders	No. of Shares	Percentage of Shareholding
1.	UPTO – 5,000	26761	3883315	3.176
2.	5,001 – 10 000	1774	1475991	1.207
3.	10,001 – 20 000	687	1071693	0.877
4.	20,001 – 30 000	210	545514	0.446
5.	30,001 – 40 000	109	399173	0.326
6.	40,001 – 50 000	88	416928	0.341
7.	50,001 – 1,00,000	138	1029170	0.842
8.	1,00,001 ABOVE	144	113438319	92.784
TOTAL		29911	122260103	100.00

xii. Dematerialization of Shares and Liquidity :

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

xiii. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity :

Nil

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 : shares@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 Deputy 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, 2011 is given here below :

Category	No. of Shares Held	% of holding
A. PROMOTER'S HOLDING :		
1. Promoters		
– Indian Promoters	45244721	37.01
– Foreign Promoters	41327931	33.80
SUB-TOTAL (A)	86572652	70.81
B. NON-PROMOTERS HOLDING		
1. Institutional Investors		
a. Mutual Funds and UTI	208539	0.17
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non Govt. Inst.)	12080	0.01
c. FIs	19013405	15.55
SUB-TOTAL (B) (1)	19234024	15.73
2. Others		
a. Bodies Corporate	2406143	1.97
b. Indian Public	9622246	7.87
c. NRIs/OCBs	4190932	3.43
d. Others	234106	0.19
SUB-TOTAL (B) (2)	16453427	13.46
GRAND TOTAL	122260103	100.00

Uttam Galva Steels Limited

To,
The Members of
Uttam Galva Steels Limited,
Mumbai.

DECLARATION

I, Ankit Miglani, Deputy 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 : 30th May, 2011

(Ankit Miglani)
Deputy 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, 2011**, 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 2011, 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
Firm Registration No. 111792W

Place : Mumbai
Dated : 30th May, 2011

Prakash R. Muni
Proprietor
Membership 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, 2011** and the Profit and Loss Account and the Cash Flow Statement 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, 2011, and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March, 2011 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 read together with the significant accounting policies and notes thereon 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, 2011;
 - 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.

For **Prakash Muni & Associates**
Chartered Accountants
Firm Registration No.: 111792W

Place : Mumbai
Dated : 30th May, 2011.

Prakash R. Muni
Proprietor
Membership No. 30544

ANNEXURE TO THE AUDITORS' REPORT

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

1. In respect of its Fixed Assets :

- 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



9. In respect of Statutory dues :
- According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to me, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2011 for a period of more than six months from the date of becoming payable.
 - The disputed statutory dues aggregating to Rs. 5.53 crore, that have not been deposited on account of disputed matters pending before appropriate authorities are referred in Annexure A.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash loss during the financial year covered by my audit and the preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to me, the Company has not defaulted in the repayment of its dues to Financial Institutions, Banks and Debenture Holders.
12. According to the information and explanations given to me, no loans and advances have been granted by the Company on the basis of security by way of shares, debentures and other securities.
13. In my 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.
14. 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.
15. (a) The Company has given a corporate guarantee for loans taken by its wholly owned subsidiary Atlantis International Services Limited amounting to US \$ 40 million to Standard Chartered Bank.
- (b) The Company has given a corporate guarantee for loans taken by its step down subsidiary Ferro Zinc International FZE amounting to US \$ 30 million to ICICI Bank.
16. The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.

17. According to the information and explanations given to me and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. 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 under Section 301 of the Companies Act, 1956.
19. The Company has created securities / charges in respect of secured debentures issued.
20. During the period covered by my audit report, the Company has not raised any money by public issues.
21. 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 **Prakash Muni & Associates**
Chartered Accountants
Firm Registration No. : 111792W

Place : Mumbai
Dated : 30th May, 2011.

Prakash R. Muni
Proprietor
Membership No. 30544

Annexure "A" of the Audit Report				
Sr. No.	Nature of Duty	Amount (₹)	Period	Forum where dispute is pending
1	Service Tax	1,74,118	November 06 to November 09	Commissioner of Central Excise (Appeals)
2	Service Tax	35,29,749	July 05 to July 07	Central Excise and Service Tax Appellate Tribunal
3	Service Tax	1,61,751	April 06 to October 06	Central Excise and Service Tax Appellate Tribunal
4	Excise Duty	2,86,57,168	December 06 to November 07	Central Excise and Service Tax Appellate Tribunal
5	Excise Duty	1,32,98,369	December 06 to November 07	Central Excise and Service Tax Appellate Tribunal
6	Excise Duty	64,84,307	December 07 to June 08	Central Excise and Service Tax Appellate Tribunal
7	Excise Duty	30,82,563	December 07 to June 08	Central Excise and Service Tax Appellate Tribunal

Note : In case of rejection of an appeal at any stage, penalty may be leviable.

BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Crores)

	Schedule	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	122.26	122.26
Reserves & Surplus	B	824.79	775.54
		947.05	897.80
LOAN FUNDS			
Secured Loans	C	2128.53	1752.60
Unsecured Loans	D		
– FCCB		-	88.02
– Others		2.27	202.87
		2130.80	2043.49
Deferred Tax Liability		86.92	71.75
TOTAL		3164.77	3013.04
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	2534.19	2466.22
Less : Depreciation		714.86	595.54
NET BLOCK		1819.33	1870.68
Capital Work-in-Progress		967.49	633.95
		2786.82	2504.63
INVESTMENTS			
	F	8.89	8.02
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	1366.00	649.39
Sundry Debtors		723.60	391.93
Cash & Bank Balances		67.59	156.23
Loans & Advances		478.98	471.29
		2636.17	1668.84
Less : CURRENT LIABILITIES & PROVISIONS	H		
Current Liabilities		2245.52	1142.49
Provisions		21.59	25.96
		2267.11	1168.45
NET CURRENT ASSETS		369.06	500.39
TOTAL		3164.77	3013.04
ACCOUNTING POLICIES & NOTES TO ACCOUNTS			
	P		

As per my report attached

For and on behalf of the Board

For **Prakash Muni & Associates**
Chartered Accountants
Firm Registration No. 111792 W

Rajinder Miglani
Chairman

Ankit Miglani
Deputy Managing Director

Prakash R. Muni
Proprietor
Membership No. 30544

R Agrawal
Sr. Vice President & Company Secretary

Place : Mumbai
Dated : 30th May, 2011.



PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011

(₹ in Crores)

	Schedule	As at 31.03.2011	As at 31.03.2010
INCOME			
Sales :			
Local		3731.02	3258.80
Export		<u>1592.80</u>	<u>1415.07</u>
Gross Sales		5323.82	4673.87
Less: Excise Duty		<u>(289.03)</u>	<u>(178.21)</u>
		5034.79	4495.66
Other Income	I		
Non Operational		<u>0.56</u>	<u>0.72</u>
TOTAL		<u>5035.35</u>	<u>4496.38</u>
EXPENDITURE			
Materials Cost	J	4408.11	3599.03
(Increase) / Decrease in Stock	J	(297.30)	(19.79)
Other Manufacturing Expenses	K	224.66	214.61
Selling & Distribution Expenses	L	155.32	161.85
Payment to Employees	M	61.80	57.55
Administrative Cost	N	<u>40.92</u>	<u>32.57</u>
		4593.51	4045.82
Profit before Interest, Depreciation & Tax (PBIDT)		441.84	450.56
Interest & Financial Charges (Net)	O	<u>208.90</u>	<u>185.39</u>
Profit before Depreciation & Tax (PBDT)		232.94	265.17
Depreciation		<u>119.41</u>	<u>112.70</u>
Profit before Tax (PBT)		113.53	152.47
Less : Provision for Tax		21.54	25.91
Less : Provision for Deferred Tax		15.17	32.02
Less : Provision for Wealth Tax		0.05	0.05
Add : MAT Credit Entitlements		—	7.98
Profit after Tax (PAT)		76.77	102.47
Add : Balance brought forward from Earlier Years		566.80	522.17
Less : Adjustments pertaining to prior years – Taxes		6.12	5.61
Less : Adjustments pertaining to prior years – Deferred Taxes		—	39.73
Profit Available for Appropriations		637.45	579.30
Appropriated as under : Balance Transferred to Debenture Redemption Reserve		12.50	12.50
Balance Carried to Balance Sheet		624.95	566.80
Basic Earnings Per Share (EPS) (in ₹)		6.28	8.48
Diluted Earnings Per Share (EPS) (in ₹)		6.28	7.60
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	P		

As per my report attached

For and on behalf of the Board

For **Prakkash Muni & Associates**
Chartered Accountants
Firm Registration No. 111792 W

Rajinder Miglani
Chairman

Ankit Miglani
Deputy Managing Director

Prakkash R. Muni
Proprietor
Membership No. 30544

R Agrawal
Sr. Vice President & Company Secretary

Place : Mumbai
Dated : 30th May, 2011.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE A : SHARE CAPITAL		
Authorised Share Capital		
17,50,00,000 (16,90,00,000) Equity Shares of ₹10 Each	175.00	169.00
NIL (60,00,000) Redeemable Cumulative Preference Shares of ₹ 10/- Each	-	6.00
	<u>175.00</u>	<u>175.00</u>
Issued, Subscribed & Paid Up Share Capital		
12,22,60,103 (12,22,60,103) Equity Shares of ₹ 10/- Each (Out of this, 58,74,760 Equity Shares have been issued for consideration other than cash and 2,18,57,924 Equity Shares have been issued on conversion of Global Depository Receipts)	122.26	122.26
	<u>122.26</u>	<u>122.26</u>

	As at 31.03.2010	Additions/(Deductions) during the year	As at 31.03.2011
SCHEDULE B : RESERVES & SURPLUS			
Capital Reserve	0.32	—	0.32
Capital Redemption Reserve	5.37	—	5.37
Debenture Redemption Reserve	12.50	12.50	25.00
Securities Premium Account	190.55	(21.39)	169.16
	<u>208.74</u>	<u>(8.89)</u>	<u>199.85</u>
Profit & Loss Account	566.80	58.14	624.94
	<u>775.54</u>	<u>49.25</u>	<u>824.79</u>

Notes :

1. Capital reserve represents :

- i) ₹ 0.006 Crores being surplus on reallocation of Shares forfeited.
- ii) ₹ 0.200 Crores being special capital incentive received from Government of Maharashtra, and
- iii) ₹ 0.047 Crores being amount of application money received on forfeiture of Equity Shares.
- iv) ₹ 0.064 Crores being amount of dividend on account of forfeited Equity Shares.

2. ₹ 21.39 Crores paid on redemption of US\$ 15 million FCCB 'A' Series, has been charged to the Securities Premium Account.



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd...)

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE C : SECURED LOANS		
1. TERM LOANS		
a) Rupee Term Loans	1502.98	1122.66
b) Foreign Currency Term Loans	167.40	215.09
c) Interest Accrued but not due on Term Loans	0.76	1.07
	1671.14	1338.82
2. 2000, 11.25% Non Convertible Debentures of ₹10,00,000/- each fully paid up.	200.00	200.00
3. a) Optionally Fully Convertible Redeemable Bonds (OFCRB)	—	2.37
b) Premium Accrued But not Due	—	6.60
	1871.14	1547.79
4. WORKING CAPITAL LOANS / OTHER LOANS :		
Cash Credit and Working Capital Demand Loans from banks	257.39	204.81
TOTAL SECURED LOAN	2128.53	1752.60

Notes :

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

- (1) a) Term Loans availed from ICICI, LIC, IFCI, UIL, GIC, Canara Bank, Dena Bank, Vijaya 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 Plants Equipments.
The previous Rupee Term Loan of ₹ 38.85 Crores (₹ 334.31 Crores) are secured by personal guarantee of two Directors, and ₹ 789.13 Crores (₹ 613.90 Crores) are secured by the personal guarantee on one Director and fresh Term Loan availed from SBH and PNB has no personal guarantee from Directors
The Power Plant Equipments to the tune of ₹ 81 Crores are charged to IDFC for Term Loan of ₹ 81 Crores. Rupee Term Loan of ₹ 700 Crores sanctioned by SBH and PNB and disbursed during the year to the tune of ₹ 675 Crores are secured by first pari-passu mortgage on all immovable properties except Packing Machine supplied by PESMEL, Finland, CPP equipments worth ₹ 81 Crores and assets pertaining to Satarda Project of the Company and first pari-passu charge by way of hypothecation of all moveable assets including but not limited to Plant & machinery, Machinery Spares, Tools and Accessories except Packing Machine supplied by PESMEL Finland. The said securities will rank pari-passu amongst the participating lenders in the facility and all other existing Term Lenders of the Company. Other existing Term Lenders comprise of Indian Banks / Foreign Banks / Financial Institutions that are existing Term Lenders to the Company and have first charge on the security.
- b) i) ECB Loan of USD NIL (1.25 million) equivalent to ₹ NIL (₹ 5.70 Crores) from Bank of India;
USD NIL (0.937 million) equivalent to ₹ NIL (₹ 4.27 Crores) from Syndicate Bank;
USD 35.00 million (42.50 million) equivalent to ₹ 157.99 Crores (₹ 193.71 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 2.085 million (2.501 million) equivalent to ₹ 9.41 Crores (₹ 11.40 Crores) is secured by hypothecation of Packing Machine supplied by PESMEL, Finland.
- (2) The Company has issued 2000, 11.25% Non Convertible Debentures of ₹ 10 lacs each, aggregating to ₹ 200 Crores during the year 2009-10, which are secured by first pari passu mortgage & charge on all moveable properties including movable machines, machine spares, tools and accessories, both present and future except Packing Machine supplied by PESMEL Finland, and Captive Power Plant Equipments.
Redemption : 4 Semi Annual Installments of 25% each, starting from Sept-2013. The said Non Convertible Debentures are listed on Wholesale Debt Market (WDM) Segment of Bombay Stock Exchange.
Axis Trustee Services Ltd has been appointed as Debenture Trustees for the said Debentures.
- (3) Optionally Fully Convertible Bonds have been redeemed during the year at the option of the bond holder.
- (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) 25,02,500 equity shares (25,02,500) held by the promoters are pledged by them against term loan of ₹ 9.55 Crores (₹ 9.55 Crores) availed by the company from ICICI Bank.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd...)

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE D : UNSECURED LOANS		
1. a) Short Term Loans	0.10	200.10
b) SICOM Loan	2.17	2.77
	2.27	202.87
2. Foreign Currency Convertible Bonds	—	68.37
Premium Accrued But not Due	—	19.65
	2.27	290.89
TOTAL UNSECURED LOAN	2.27	290.89

(1) Short Term Loans is from Balaji Infrastructure Limited.

(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 ₹ 45.12 per Share with a fixed rate of exchange on conversion of ₹ 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, and bonds worth USD 2.50 have been converted into equity shares during the year 2009-10.

(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 per cent of their principal amount. The premium paid on redemption has been charged to Securities Premium Account.

(iv) The bonds of Series 'A' worth US \$ 15.00 Million have been redeemed on August 9, 2010 at 130.97 per cent of their principal amount. The Premium paid on Redemption has been charged to Securities Premium Account.

SCHEDULE E : FIXED ASSET FOR THE PERIOD ENDED 31ST MARCH, 2011

(₹ in Crores)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST 1-Apr-10	ADDI- TIONS	DEDUC- TION	COST 31-Mar-11	UP TO 1-Apr-10	PERIOD ENDED			AS AT 31-Mar-11	AS AT 31-Mar-10
						31-Mar-11	DEDUC- TION	TOTAL		
Land	42.01	0.00	0.00	42.01	0.00	0.00	0.00	0.00	42.01	42.01
Building & Site Development	476.94	14.68	0.00	491.62	64.26	16.03	0.00	80.29	411.33	412.68
Flats / Office Premises	2.96	0.00	0.00	2.96	0.18	0.05	0.00	0.23	2.73	2.78
Plant & Machinery	1884.70	39.05	0.00	1923.75	514.82	99.70	0.00	614.52	1309.22	1369.88
Furniture & Fixtures	13.81	9.43	0.00	23.24	5.47	0.69	0.00	6.16	17.08	8.34
Office Equipments	7.12	0.00	0.00	7.12	2.98	0.64	0.00	3.61	3.51	4.14
Computer	9.33	1.40	0.00	10.73	4.78	1.24	0.00	6.02	4.71	4.55
Vehicles	7.57	1.13	0.26	8.44	2.04	0.69	0.09	2.64	5.80	5.53
Housing Complex	21.78	2.54	0.00	24.32	1.01	0.37	0.00	1.38	22.94	20.77
TOTAL	2466.22	68.23	0.26	2534.19	595.54	119.41	0.09	714.86	1819.33	1870.68
PREVIOUS YEAR	2267.36	198.86	0.00	2466.22	482.84	112.70	0.00	595.54	1870.68	



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd...)

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE F : INVESTMENTS		
Unquoted investments		
a) Subsidiary Companies		
i) 5,000 Equity Shares of \$ 10/- Each of Atlantis International Services Co. Limited fully paid	0.22	0.22
ii) 10,00,000 Equity Shares of UAE Dirham 1/- Each, of Uttam Galva Holdings	1.18	1.20
iii) 18,000 Equity Shares of Euro 1/- Each of Uttam Galva Steels Netherlands B.V.	0.11	—
	<u>1.51</u>	<u>1.42</u>
b) Associate / Joint Venture Companies		
i) 9,994 Equity Shares of ₹ 10/- Each of Uttam Utkal Steels Limited fully paid	0.01	0.01
ii) 30,20,000 Equity Shares of ₹ 10/- Each of Texturing Technology Private Limited fully paid	3.02	3.02
iii) 95,004 Equity Shares of ₹ 10/- Each of Moira Madhujore Coal Limited (Out of this 66,249 equity shares are purchased at a premium of ₹ 90/- Share)	0.69	—
iv) Share Application Money with Moira Madhujore Coal Limited	0.09	—
	<u>3.81</u>	<u>3.03</u>
c) Others		
i) National Saving Certificate VIII Issue	0.01	0.01
ii) 20,000 Equity Shares of ₹ 25/- Each of Punjab & Maharashtra Co-operative Bank Limited	0.05	0.05
iii) 300,000 Unsecured Optionally Fully Convertible Debentures of ₹ 100/- Each in Shree Bhavani Power Projects Private Limited	3.00	3.00
iv) 515,000 Equity Shares of ₹ 10/- Each in Ansal Hi-Tech Township Limited fully Paid	0.51	0.51
	<u>3.57</u>	<u>3.57</u>
	<u>8.89</u>	<u>8.02</u>
SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES		
(A) CURRENT ASSETS		
(a) Inventories (As valued & Certified by the Management)		
Raw Materials	712.71	291.62
Raw Materials - in transit	116.91	119.62
Finished goods	316.86	89.52
Work-in-Process	156.71	89.17
Arisings	9.60	7.17
Packing Material	1.92	2.11
Stores, Spares, Consumables etc.	51.29	50.18
	<u>1366.00</u>	<u>649.39</u>
(b) Sundry Debtors (Unsecured, considered good)		
Debts Outstanding for a period exceeding six months	20.23	6.40
Other Debts	705.45	387.61
Provision for Doubtful Debts	(2.08)	(2.08)
	<u>723.60</u>	<u>391.93</u>
(c) Cash & Bank Balances		
Cash on Hand	0.56	0.08
Balance in Current Accounts with Scheduled Banks *	51.65	140.82
Short Term Deposit / Margin Money Deposit	15.38	15.33
	<u>67.59</u>	<u>156.23</u>
SUB TOTAL (A)	<u>2157.19</u>	<u>1197.55</u>

* Includes ₹ 0.07 Crores (Previous Year ₹ 0.07 Crores) balance in Foreign Bank and Maximum balance outstanding during the year is ₹ 0.07 Crores (Previous Year ₹ 0.07 Crores)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd...)

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES (Contd...)		
(B) LOANS & ADVANCES (Unsecured, considered good)		
Loans & Advances to Subsidiary Companies	2.12	9.35
Advances recoverable in cash or kind or for value to be received	96.52	140.95
Advances to Suppliers	190.01	152.33
Deposits with Government & Semi Government Bodies	65.57	53.97
Deposits with Others	18.09	18.51
Prepaid Expenses	34.14	24.80
Advance Income Tax	31.20	24.01
MAT Credit Entitlements	41.33	47.37
SUB TOTAL (B)	478.98	471.29
TOTAL (A) + (B)	2636.17	1668.84
SCHEDULE H : CURRENT LIABILITIES & PROVISIONS		
(a) Current Liabilities :		
Sundry Creditors :		
i) Micro, Small and Medium Enterprises	0.74	0.36
ii) Subsidiary Companies	142.78	166.93
iii) Other Creditors	694.91	121.56
Advance from Customers	428.91	636.73
Bills Payable Acceptance	890.55	184.99
Other Liabilities	87.63	31.92
SUB-TOTAL (A)	2245.52	1142.49
(b) Provisions		
Provision for Income Tax (MAT)	21.54	25.91
Provision for Wealth Tax	0.05	0.05
SUB-TOTAL (B)	21.59	25.96
TOTAL (A) + (B)	2267.11	1168.45
SCHEDULE I : SALES & OTHER INCOME		
A) SALES		
i) Local Sales :		
Sales Local Prime	2853.27	2167.09
Sales Local Arisings	192.15	185.44
Sales Local Service Centre	600.38	743.62
Sales Local Trading	85.22	162.65
Local Sales (I)	3731.02	3258.80
ii) Export Sales :		
Sales Export & Export Incentives	915.88	1192.11
Foreign Exchange Fluctuation on Exports	17.09	(21.59)
Sales Merchandise Export	659.83	244.55
EXPORT SALES (II)	1592.80	1415.07
TOTAL SALES (I+II)	5323.82	4673.87
B) OTHER INCOME		
Commission & Other Income	0.56	0.72
TOTAL OTHER INCOME	0.56	0.72
TOTAL SALES & OTHER INCOME	5324.38	4674.59



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd...)

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE J : RAW MATERIALS, FINISHED GOODS & SEMI-FINISHED GOODS		
A) MATERIALS COST		
(1) Raw Materials Consumed		
Opening Stock	189.20	116.87
Add : Purchases *	3474.91	2607.48
	3664.11	2724.35
Less : Closing Stock *	562.50	189.20
Materials Consumed	3101.61	2535.15
(2) Consumption of RM at Service Centre	556.97	655.17
(3) Consumption of Trading Materials	749.53	408.71
TOTAL (A)	4408.11	3599.03
* Includes ₹ 116.91 (Previous Year ₹ 119.62 Crores) of Raw Materials in Transit as on 31.03.2011.		
B) VARIATION IN STOCK-FINISHED GOODS & WORK-IN-PROCESS		
Closing Stock – Finished Goods	302.70	86.22
Stock-in-transit	14.16	3.31
Arisings	9.60	7.17
Work-in Process	156.71	89.17
	483.17	185.87
Less : Opening Stock – Finished Goods	86.22	67.17
Stock-in-transit	3.31	1.83
Arisings	7.17	8.30
Work-in-Progress	89.17	88.76
	185.87	166.06
(Increase) / Decrease in Stock (B)	(297.30)	(19.81)
RAW MATERIALS, FINISHED GOODS & SEMI-FINISHED GOODS (A)+(B)	4110.81	3579.22
SCHEDULE K : OTHER MANUFACTURING EXPENSES		
Power Consumption	105.64	96.68
Fuel Consumption	46.53	60.04
Stores & Spares Consumed	41.60	37.54
Repairs & Maintenance to Plant	16.49	9.47
Processing Charges	14.40	10.88
TOTAL	224.66	214.61

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd...)

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE L : SELLING & DISTRIBUTION EXPENSES		
International Freight	39.29	47.58
F.O.B. Expenses	13.56	20.32
Local Freight	35.45	33.40
Brokerage & Commission	9.92	10.77
Other Expenses	7.03	6.30
Packing Material Consumed	50.07	43.48
TOTAL	155.32	161.85
SCHEDULE M : PAYMENT TO EMPLOYEES		
Salaries & Wages	52.94	49.17
Contribution to PF/Gratuity and Other Funds	3.52	3.91
Staff Welfare	5.34	4.47
TOTAL	61.80	57.55
SCHEDULE N : ADMINISTRATIVE COST		
Insurance	4.77	3.81
Travelling & Conveyance	5.38	5.06
Rent, Rates & Taxes	5.47	2.36
Legal, Professional & Consultancy Charges	5.38	3.22
Repairs & Maintenance to Building	3.69	2.53
Repairs & Maintenance to others	1.60	1.43
Security Charges	1.53	1.42
Other Expenses	12.64	12.34
Payment to Auditors - Audit Fees	0.30	0.30
- Taxation Matters	0.05	0.05
- Expenses Reimbursed	0.04	0.05
Loss on Sale of Fixed Assets	0.07	—
TOTAL	40.92	32.57
SCHEDULE O : INTEREST & FINANCIAL CHARGES		
On Long Term Debts	203.83	140.35
Interest & Financial Charges Capitalised	(132.36)	(55.55)
On Working Capital Limits & Others	102.15	102.05
Interest Received (Gain)	(3.34)	(6.06)
(Gain) / Loss on Forward Contracts	38.62	4.60
TOTAL	208.90	185.39



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 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) Import Transactions :

- (i) Material imports are accounted at the custom exchange rates prevailing at the time of receipts. In case foreign exchange is covered, the exchange rate contracted is recognized as a part of purchase cost. 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).
- (ii) Import contracts covered by 'foreign exchange cover' with banks are booked at contracted rates. Income / Expenditure incurred in cancellation of forward cover contracts, mainly due to variation in the bank involved / date of execution are treated as part of purchase cost.

(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.



.....

1.06 A. 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. Exchange Gain / (Loss) on Investments in Foreign Currency has been provided at the year end.

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, Wealth Tax & Deferred Tax. Current year taxes are determined in accordance with the provisions of Income Tax Act, 1961 and Wealth Tax Act.

Deferred tax charged or credit reflects the tax effect of timing differences between accounting income and taxable income for the period. The deferred tax charged or credit and the corresponding deferred tax liability or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet dates.

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*



1.19 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.

3.1 Contingent Liabilities not provided for in respect of :

	31 st March, 2011	31 st March, 2010
(a) Letters of Credit outstanding	591.93	1346.31
(b) Bank Guarantees	92.54	19.17
(c) Estimated amount of contracts remaining to be executed on capital account and not provided for	60.04	54.00
(d) Bills Discounted	NIL	NIL

3.2 The Company had given a corporate guarantee of ₹ 87.54 Crores (Previous Year ₹ 91.94 Crores) to Commissioner of Customs against export obligation of Uttam Galva Metalics Limited.

3.3 The company has given a corporate guarantee of USD 40 million (Previous Year USD 40 Million) to Standard Chartered Bank against credit facility availed by Atlantis International Service Company Limited, Sundry Creditors under the head current liability includes ₹ NIL (Previous Year ₹ 166.93 Crores) towards the liability payable to subsidiary company.

3.4 The company has given a corporate guarantee of USD 30 million (Previous Year USD Nil) to ICICI Bank against credit facility availed by Ferro Zinc International FZE, Sundry Creditors under the head current liability includes ₹ 142.78 (Previous Year Nil) towards the liability payable to subsidiary company.

4.0 (a) The Income Tax Assessment is completed up to 31st March, 2007. i.e. Assessment Year 2007-08.

(b) The Sales Tax Assessments are completed up to 31st March, 2010.

(c) 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 ₹ 31.88 Crores (Previous Year ₹ 31.29 Crores) on Foreign Currency Loans is adjusted against cost of relevant fixed assets.

6.0 Taxation :

6.1 The Company has taxable income as per the provisions of the Income Tax Act, 1961.

6.2 The company has provided for deferred income tax liability to the tune of ₹ 15.17 Crores (Previous Year ₹32.02 Crores) arising on account of timing difference between the book and tax profit of the period. The same is net of tax incentive available at a future date and deferred income tax payable at future date.

6.3 During the year the Company has recognised 'MAT Credit Entitlement' to the sum of ₹ NIL (Previous Year ₹7.98 Crores) pertaining to MAT payment for the current year.

7.0 During the year, the Company decided to prepay Value added tax (VAT) payable under Deferral Sales Tax Scheme, Against the Deferral Sales Tax liability of ₹ 100.52 Crores (Previous year ₹ 79.31 Crores) for period upto March, 11. The Company has prepaid ₹ 28.15 Crores (Previous year ₹ 22.21 Crores) at Net Present Value (NPV) as prescribed, and consequential balance of ₹ 72.37 Crores (Previous Year ₹ 57.10 Crores) is treated as Sales. This credit has accrued and arisen during the financial year 2010-11.

8.0 During the year Company Commenced trial runs of Captive Power Plant (CPP). Power Generated 31188 MWH out of this 25888 MWH has been consumed by UGSL & balance sold to outside parties.

9.0 The Company has provided for Unclaimed Leave Encashment Benefits as at 31st March, 2011 to the tune of ₹ 5.40 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 :

(₹ in Crores)

Amount to be recognised in Balance Sheet	31.3.2011	31.3.2010
Gratuity		
Present Value of Funded Obligations	9.82	7.98
Present Value of Unfunded Obligations	0.00	0.00
Fair Value of Plan Assets (managed by insurer)	(3.82)	(2.84)
Net Liability	6.00	5.14
Amounts in Balance Sheet		
Liability	(5.14)	(3.31)
Assets	0.00	0.00
Net Liability	0.86	1.83
Expenses to be recognised in the Statement of P&L		
Current Service Cost	1.32	1.19
Interest on Defined Benefit Obligation	0.64	0.43
Expected Return on Plan Assets	(0.35)	(0.24)
Net Actuarial Losses / (Gains) Recognised in Year	0.26	1.15
Total, included in "Employee Benefit Expense"	1.87	2.53
Actual Return on Plan Assets	0.35	0.24
Reconciliation of Benefit Obligations & Plan Assets For the Period		
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	7.98	5.32
Current Service Cost	1.32	1.19
Interest Cost	0.64	0.43
Actuarial Losses / (Gains)	0.26	1.15
Benefits Paid	(0.38)	(0.10)
Closing Defined Benefit Obligation	9.82	7.99
Change in Fair Value of Assets		
Opening in Fair Value of Plan Assets	2.84	2.08
Expected Return on Plan Assets	0.35	0.24
Contributions by Employer	1.01	0.62
Benefits Paid	(0.38)	(0.10)
Closing Fair Value of Plan Assets	3.82	2.84
Principal Actuarial Assumptions (Expressed as Weighted Averages)		
Discount Rate (p.a.)	8.00%	8.00%
Expected Rate of Return on Assets (p.a.)	NIL	NIL
Salary Escalation Rate (p.a.)	7.00%	7.00%



11.0 Earning Per Share (EPS)

	2010-11	2009-10
a) Earning Per Share (EPS) Basic		
Profit for the Year (₹ in Crores)	76.77	102.47
Weighted average No. of Ordinary Shares of ₹10 Each for Basic EPS	122260103	120859219
Earning Per Share (EPS) Basic (₹)	6.28	8.48
b) Earning Per Share (EPS) Diluted.		
Profit for the Year (₹ in Crores)	76.77	102.47
Interest on FCCB (Net of Tax Effect)	—	1.42
TOTAL	76.77	103.89
Weighted average No. of Ordinary Shares of ₹ 10 Each for Basic EPS	122260103	120859219
Add : Adjustment for Conversion of FCCBs in to Equity Shares	0	15872294
Total Weighted average No. of ordinary shares for Diluted EPS	122260103	136731513
Earning Per Share (EPS) Diluted (₹)	6.28	7.60

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 :

(₹ in Crores)

	2010-2011	2009-2010
(1) Land, Buildings Site Development Expenses	270.94	215.66
(2) Plant & Machinery	379.50	276.89
(3) Consultant Fees	22.96	8.33
(4) Other Fixed Assets	2.78	1.39
(5) Preoperative Expense	182.73	77.75
(6) Advances to Suppliers	128.08	64.42
(7) Sundry Creditors	(19.50)	(10.49)
Total	967.49	633.95

Note : CWIP includes ₹ 216.87 Crores (Previous Year ₹ 144.52 Crores) of assets being built on plots yet to be transferred in the name of the Company.

13.0 (a) During the year, Uttam Galva Steels Netherlands B.V. a wholly owned subsidiary has been incorporated on 31st Day of December, 2010 in Amsterdam.

14.0 (a) List of Related Parties As per Accounting Standard 18 (AS.18) 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. 16 (a).

(ii) Other Related Parties :

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

Uttam Galva Steels Limited

1) Wholly Owned Subsidiary / Step down Subsidiary:

Uttam Galva Holding Limited
 Atlantis International Services Company Limited
 Ferro Zinc International FZE
 Uttam Galva Steels, Netherland B. V.

2) Associates / Joint Ventures

Growell Mercantile Limited
 Shree Uttam Steel and Power Limited
 Uttam Galva Metalics Limited
 Uttam Distribution Network Limited
 Uttam Utkal Steels Limited.
 Texturing Technology Private Limited
 Moira Madhujore Coal Limited

3) Ability to Control / Exercise Significant Influence :

ArcelorMittal Netherlands, (BV)
 ArcelorMittal International, Brazil
 ArcelorMittal International, Romania
 ArcelorMittal Cons Reunion
 ArcelorMittal SSC, Italia
 AM Trading SA
 ArcelorMittal International FZE
 ArcelorMittal Internation Luxembourg

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

(₹ in Crores)

	Subsidiaries	Associates / Joint Venture	Ability to Contol /Exercise significant influence
Sale of Goods / Services	-	120.62	94.54
Purchase of Goods / Services	232.08	6.08	332.66
Equity Contribution	0.11	0.78	-
Rent Income	-	0.18	-
Rent Payment	-	2.62	-

15.0 The details / amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:-

(₹ in Crores)

Sr. No.	Particulars	As at 31 st March 2011	As at 31 st March 2010
1.	Principal amount due and remaining unpaid	0.74	0.36
2.	Interest due on (1) above and the unpaid interest	Nil	Nil
3.	Interest paid on all delayed payments under the MSMED Act	Nil	Nil
4.	Payment made beyond the appointed day during the year	Nil	Nil
5.	Interest due and payable for the period of delay other than (3) above	Nil	Nil
6.	Interest Accrued and remaining unpaid	Nil	Nil
7.	Amount of further interest remaining due and payable in succeeding year	Nil	Nil



16.0 (a) Remuneration to Chairman, Managing Director, Deputy Managing Director, Director (Sales & Marketing) and Director (Works) :

(₹ in Crores)

	31 st March, 2011	31 st March, 2010
Managerial Remuneration	3.84	3.84
Monetary value of Perquisites	0.31	0.31
	<u>4.15</u>	<u>4.15</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.

17.0 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)	
	31.03.2011	31.03.2010	2010-11	2009-10
i) Galvanised Coils / Sheets / Slit Coils (Ref Note .1)	750000	750000	561498	605814
ii) Colour Coated Coils / Sheets / Slit Coils (Ref. note.2)	90000	90000	77617	70497
iii) Cold Rolled Coils / Sheets / Slit Coils (Ref note 3)	960000	960000	693713	741588
iv) Less : Captive Consumption (CR)			(415528)	(542562)
Less : Captive Consumption (GP)			(81748)	(71080)
TOTAL SALEABLE STEEL (i + ii + iii - iv)			835552	804257

(b) Finished Goods and Sales :

		Opening		Closing		Sales	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Galvanised Products	Rs.Crores	67.25	54.55	205.80	67.25	2111.23	2036.43
	M.T.	16322	16323	42039	16322	454033	534734
Colour Coated Products	Rs.Crores	4.67	4.95	19.68	4.67	423.89	321.51
	M.T.	964	1126	3563	964	74929	70152
C.R. Coils	Rs.Crores	17.60	9.50	91.38	17.60	1150.61	710.13
	M.T.	4878	3118	20868	4878	262196	197266
Arisings, H.R. Coil rejects, Service Centre & Others	Rs.Crores	7.17	8.30	9.60	7.17	1638.09	1605.79
	M.T.	2398	2803	2860	2398	543895	551693
Total	₹ Crores	96.69	77.30	326.46	96.69	5323.82	4673.86

Notes : (1) Colour Coating Line production includes 89 MT CC Sheets consumed for Capital Projects. (Previous Year 507 MT)

(2) Production of 3969 MT CR Baby coil is not included in the aforesaid production. (Previous year 4297 MT)

(3) Previous Year figures have been regrouped and reclassified to make them comparable with figures of Current Year.

Uttam Galva Steels Limited

(c) Raw Materials Consumed

	For the Year 2010-11		For the Year 2009-10	
	Qty. MT	(₹ in Crores)	Qty. MT	(₹ in Crores)
H.R & CR Coils	924982	2821.76	939424	2260.40
Zinc, Metals & Paints	25648	304.69	27417	297.15
	950630	3126.45	966841	2557.55
<i>Less</i> : Used for packing / Capitalised	7037	24.84	7827	22.40
Total Raw Material Consumed	943593	3101.61	959014	2535.15

(d) Material Consumed at Service Centre & Trading

	For the Year 2010-11		For the Year 2009-10	
	Qty. MT	(₹ in Crores)	Qty. MT	(₹ in Crores)
Steel Products	455081	1306.50	396966	1063.88

(e) Value of Imported & Indigenous Raw Materials and Spare Parts Consumed

	For the Year 2010-11		For the Year 2009-10	
	Value in (₹ in Crores)	% of total Consumption	Value in (₹ in Crores)	% of total Consumption
Raw Materials				
Imported	3006.75	68.21	2178.17	60.52%
Indigenous	1401.36	31.79	1420.86	39.48%
	4408.11	100.00%	3599.03	100.00%
Spare Parts and Components				
Imported	3.52	8.46	5.78	15.40%
Indigenous	38.08	91.54	31.75	84.60%
	41.60	100.00%	37.53	100.00%

(f) Value of Imports on CIF basis

(₹ in Crores)

	2010-11	2009-10
Raw Materials	2408.71	1822.68
Spare Parts & Components	3.52	5.78
Capital Goods	27.37	23.57



18.0 Information pursuant to Clause 32 of listing agreement with stock exchanges.

Loans and advances in the nature of loans to wholly owned subsidiary companies are as under:

(₹ in Crores)

	Balance as at		Maximum Balance during the year	
	31 st March 2011	31 st March 2010	2010-11	2009-10
Interest free loans without specified repayment schedule				
Uttam Galva Holding Limited	0.16	0.16	0.17	0.16
Atlantis International Services Company Limited	1.66	NIL	9.15	NIL
Ferro Zinc International FZE	0.11	0.04	0.11	0.04
Interest bearing loan without specified repayment schedule				
Atlantis International Services Company Limited	NIL	9.15	NIL	9.15

19.1 During the year the company has entered into financial derivative transactions to hedge its exposure to foreign currency transactions. The outstanding position as on 31st March, 2011 in respect of forward covers related to imports / exports is ₹189.78 Crores.

20.0 Foreign Currency Expenditure & Earnings.

(₹ in Crores)

	2010-11	2009-10
(a) Expenditure in Foreign Currency :		
(i) Interest	23.24	51.26
(ii) Legal, Professional & Consultation Fee	1.34	0.56
(iii) Commission	6.60	6.70
(iv) International Freight	21.01	21.89
(v) Travelling Expenses	0.43	0.42
(vi) Others	0.07	0.14
(b) Earnings in Foreign Currency :		
(i) Exports on F.O.B. value	1553.53	1367.48
(ii) Interest	Nil	0.23

Signatures to Schedules A to P

As per my report attached

For and on behalf of the Board

For **Prakash Muni & Associates**
Chartered Accountants
Firm Registration No. 111792 W

Rajinder Miglani
Chairman

Ankit Miglani
Deputy Managing Director

Prakash R. Muni
Proprietor
Membership No. 30544

R Agrawal
Sr. Vice President & Company Secretary

Place : Mumbai
Dated : 30th May, 2011.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Crores)

PARTICULARS	31.03.2011	31.03.2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax and Extraordinary Items	113.53	152.47
Provision for Doubtful Debts	0.00	1.68
Adjustments for Depreciation	119.41	112.70
(Profit) / Loss on Sale of Assets	0.07	0.00
Interest & Financial Charges (Net)	208.90	185.39
Operating Profit Before Working Capital Changes	441.91	452.23
Adjustments for :		
(Increase) / Decrease in Trade and other Receivables	(338.21)	84.24
(Increase) / Decrease in Inventories	(716.60)	(155.40)
Increase / (Decrease) in Trade Payables	1135.66	(198.91)
Cash Generated from Operations	522.76	182.15
Direct Taxes Paid (Net of Refunds)	(33.11)	(23.10)
Prior Period Expenses (Net)	0.00	5.61
Cash Flow from Operating Activities	489.65	164.66
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(401.77)	(419.51)
Sale of Fixed Assets	0.26	0.00
Purchase of Investments / Investments in Subsidiaries	(0.87)	(0.21)
Interest / Dividend Received	3.34	6.06
Net Cash Used in Investing Activities	(399.04)	(413.66)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Application / Call Money on Share Capital	0.00	2.42
Securities Premium received	(21.39)	8.47
Redemption / Conversion of FCCB	(68.37)	(22.31)
Proceeds from Long Term Borrowings	1139.58	643.93
Repayments of Long Term Borrowings	(816.23)	(168.81)
Interest & Financial Charges Paid	(173.62)	(186.84)
Gain / (Loss) on Forward Contracts	(38.62)	(4.60)
Proceeds / (Repayments) of Deferred Sales Tax Loan / ICD / Unsecured Loans	(200.60)	(20.02)
Net Cash Generated from Financing Activities	(179.25)	252.23
Net Increase in Cash & Cash Equivalents (A+B+C)	(88.64)	3.23
Cash & Cash Equivalents (Opening)	156.23	153.00
Cash & Cash Equivalents (Closing)	67.59	156.23

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.

As per my report attached

For and on behalf of the Board

For **Prakash Muni & Associates**
Chartered Accountants
Firm Registration No. 111792W

Rajinder Miglani
Chairman

Ankit Miglani
Deputy Managing Director

Prakash R. Muni
Proprietor
Membership No. 30544

R Agrawal
Sr. Vice President & Company Secretary

Place : Mumbai
Dated : 30th May, 2011.



**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 (₹ in Crores)

Public Issue Right Issue
Bonus Issue Private Placement (GDR)

3 Position of mobilisation and deployment of funds (₹ in Crores)

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 (₹ in Crores except EPS)

Turnover Total Expenditure
Profit before tax Profit after tax
Earning Per Share (EPS) (in ₹) 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 **Prakkash Muni & Associates**
Chartered Accountants
Firm Registration No. 111792W

Rajinder Miglani
Chairman

Ankit Miglani
Deputy Managing Director

Prakkash R. Muni
Proprietor
Membership No. 30544
Place : Mumbai
Dated : 30th May, 2011.

R Agrawal
Sr. Vice President & Company Secretary

Uttam Galva Steels Limited**SUMMARY OF FINANCIAL INFORMATION PERTAINING TO THE SUBSIDIARY COMPANIES AS ON 31ST MARCH, 2011**

The Ministry of Corporate Affairs vide General Circular No. 2/2011 dated 8th February, 2011 has granted a General exemption to all the Companies from the provisions of Section 212(8) of the Companies Act, 1956, subject to the fulfillment of certain conditions. Accordingly the financial information in terms of aforesaid Circular is provided herein below in respect of all the Subsidiary Companies:

Particulars	Name of the Subsidiary Companies			
	Uttam Galva Holdings Limited	Atlantis International Services Company Limited	Uttam Galva Steels Netherlands B.V.	Ferro Zinc International FZE*
Capital	12299747	2257000	1151820	12299747
Reserves	(2208408)	(20708231)	(661175)	22075614
Total Assets	11767659	(3416)	490645	1388575361
Total Liabilities	1676320	18447815	-	1354200000
Details of Investment (except in case of investment in the subsidiaries)	-	-	-	-
Turnover	-	-	-	2306909974
Profit before Taxation	(235779)	(56592712)	(609443)	51929909
Provision for Taxation	-	-	-	-
Profit after Taxation	(235779)	(56592712)	(609443)	51929909
Proposed Dividend	-	-	-	-
Country	Dubai	British Virgin Island	Netherland	Dubai

* Note : Ferro Zinc International FZE is step down subsidiary of Uttam Galva Holdings Limited, Dubai.



AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF UTTAM GALVA STEELS LIMITED

To,
The Shareholders of
Uttam Galva Steels Limited
Mumbai.

1. I have audited the attached consolidated Balance Sheet of **UTTAM GALVA GROUP OF COMPANIES** as at March 31, 2011, and also the Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding its components. 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. I did not audit the financial statements of subsidiaries and joint venture's as referred in Para 3.1 of Schedule P as notes to the consolidated financial statements, whose financial statements reflect Total Assets (net) of ₹296.32 Crores as at March 31, 2011, Total Revenues of Rs. NIL Crores and Net Cash Inflow amounting to ₹3.63 Crores for the year ended as considered in the Consolidated Financial Statements. These Financial statements except Uttam Galva Netherlands BVI and other financial information have been audited by other auditors, whose reports are furnished to me by the management of the Group, and my opinion is solely based on the reports of other auditors.
4. I report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirement of Accounting Standard (AS) 21, "Consolidated Financial Statements" and Accounting Standard (AS) 27, "Financial Reporting of Interests in Joint Ventures as notified by Companies (Accounting Standards) Rules, 2006.
5. Based on my audit and on the consideration of reports of other auditor on separate financial statements and on the other financial information of the components, and to the best of my information and according to the explanations given to me, I am of the opinion that the attached Consolidated Financial Statements gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in case of the Consolidated Balance Sheet, of the state of affairs of the Uttam Galva Steels Limited Group as at March 31, 2011;
 - b. in the case of the Consolidated Profit and loss account, of the profit of the Group for the year ended on that date; and
 - c. in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For **PRAKKASH MUNI & ASSOCIATES**
Chartered Accountants
Firm Registration No: 111792W

PRAKKASH R. MUNI
Proprietor
Membership No.: 30544

Place : Mumbai
Date : 30th May, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Crores)

	Schedule	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	122.26	122.26
Reserves & Surplus	B	829.42	775.94
		951.68	898.20
LOAN FUNDS			
Secured Loans	C	2132.79	1757.72
Unsecured Loans	D		
— FCCB		—	88.02
— Others		137.69	385.95
		2270.48	2231.69
Deferred Tax Liability		87.20	71.75
TOTAL		3309.36	3201.64
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	2544.18	2466.24
Less: Depreciation		716.24	595.54
NET BLOCK		1827.94	1870.70
Capital Work-in-Progress		967.49	643.52
		2795.43	2514.22
GOODWILL ON CONSOLIDATION		0.59	—
INVESTMENTS	F	3.59	3.58
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	1366.03	646.14
Sundry Debtors		723.60	414.79
Cash & Bank Balances		69.64	161.91
Loans & Advances		476.50	462.85
		2635.77	1685.69
Less : CURRENT LIABILITIES & PROVISIONS	H		
Current Liabilities		2104.65	975.83
Provisions		21.56	26.02
		2126.21	1001.85
NET CURRENT ASSETS		509.56	683.84
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		0.19	—
PROFIT & LOSS ACCOUNT		—	—
TOTAL		3309.36	3201.64
ACCOUNTING POLICIES & NOTES TO ACCOUNTS			
	P		

As per my report attached

For and on behalf of the Board

For **Prakash Muni & Associates**
Chartered Accountants
Firm Registration No. 111792 W

Rajinder Miglani
Chairman

Ankit Miglani
Deputy Managing Director

Prakash R. Muni
Proprietor
Membership No. 30544
Place : Mumbai
Dated : 30th May, 2011.

R Agrawal
Sr. Vice President & Company Secretary



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011

(₹ in Crores)

	Schedule	As at 31.03.2011	As at 31.03.2010
INCOME			
Sales :			
Local		3731.02	3258.80
Export		1592.80	1438.34
Gross Sales		5323.82	4697.14
Less : Excise Duty		(289.03)	(178.21)
		5034.79	4518.93
Other Income			
Operational	I	—	—
Non Operational		0.47	0.74
		0.47	0.74
TOTAL		5035.26	4519.67
EXPENDITURE			
Materials Cost	J	4400.28	3618.17
(Increase)/Decrease in Stock	J	(297.28)	(19.81)
Other Manufacturing Expenses	K	221.65	214.61
Selling & Distribution Expenses	L	155.32	161.86
Payment to Employees	M	62.00	57.55
Administrative Cost	N	43.74	33.14
		4585.71	4065.52
Profit before Interest, Depreciation & Tax (PBIDT)		449.55	454.15
Interest & Financial Charges (Net)	O	214.92	188.67
Profit before Depreciation & Tax (PBDT)		234.63	265.48
Depreciation		120.78	112.70
Profit before Tax (PBT)		113.85	152.78
Less : Provision for Tax		21.70	25.91
Less : Provision Deferred Tax		15.46	32.02
Less : Provision for Wealth Tax		0.05	0.05
Add : MAT Credit Entitlements		—	(7.98)
Profit after Tax (PAT)		76.64	102.78
Add : Balance brought forward from Earlier Years		567.20	522.19
Less : Adjustments pertaining to prior years – Taxes		6.12	5.61
Less : Adjustments pertaining to prior years – Deferred Taxes		—	39.73
Add : Adjustment for prior period items		3.25	0.07
Add : Foreign Currency Translation difference		0.51	—
Profit Available for Appropriations		641.48	579.70
Appropriated as under : Balance Transfered to Debenture Redemption Reserve		12.50	12.50
Balance Carried to Balance Sheet		628.98	567.20
Basic Earnings Per Share (EPS) (in ₹)		6.27	8.50
Diluted Earnings Per Share (EPS) (in ₹)		6.27	7.62
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	P		

As per my report attached

For and on behalf of the Board

For **Prakash Muni & Associates**
Chartered Accountants
Firm Registration No. 111792 W

Rajinder Miglani
Chairman

Ankit Miglani
Deputy Managing Director

Prakash R. Muni
Proprietor
Membership No. 30544
Place : Mumbai
Dated : 30th May, 2011

R Agrawal
Sr. Vice President & Company Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE A : SHARE CAPITAL		
Authorised Share Capital		
17,50,00,000 (16,90,00,000) Equity Shares of ₹10 Each	175.00	169.00
NIL (60,00,000) Redeemable Cumulative Preference Shares of ₹ 10/- Each	-	6.00
	<u>175.00</u>	<u>175.00</u>
Issued, Subscribed & Paid Up Share Capital		
12,22,60,103 (12,22,60,103) Equity Shares of ₹ 10/- Each (Out of this, 58,74,760 Equity Shares have been issued for consideration other than cash and 2,18,57,924 Equity Shares have been issued on conversion of Global Depository Receipts)	122.26	122.26
	<u>122.26</u>	<u>122.26</u>

	As at 31.03.2010	Additions/(Deductions) during the year	As at 31.03.2011
SCHEDULE B : RESERVES & SURPLUS			
Capital Reserve	0.32	—	0.32
Capital Redemption Reserve	5.37	—	5.37
Debenture Redemption Reserve	12.50	12.50	25.00
Securities Premium Account	190.55	(20.79)	169.75
	<u>208.74</u>	<u>(8.29)</u>	<u>200.44</u>
Profit & Loss Account	567.20	61.78	628.98
	<u>775.94</u>	<u>53.48</u>	<u>829.42</u>

Notes :

1. Capital reserve represents :

- i) ₹ 0.006 Crores being surplus on realotment of Shares forfeited.
- ii) ₹ 0.200 Crores being special capital incentive received from Government of Maharashtra, and
- iii) ₹ 0.047 Crores being amount of application money received on forfeiture of Equity Shares.
- iv) ₹ 0.064 Crores being amount of dividend on account of forfeited Equity Shares.

2. ₹ 21.39 Crores paid on redemption of US\$ 15 million FCCB 'A' Series, has been charged to the Securities Premium Account.



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd...)

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE C : SECURED LOANS		
1. TERM LOANS		
a) Rupee Term Loans	1502.98	1122.66
b) Foreign Currency Term Loans	171.66	220.21
c) Interest Accrued but not due on Term Loans	0.76	1.07
	1675.40	1343.94
2. 2000, 11.25% Non Convertible Debentures of ₹ 10,00,000/- each fully paid up.	200.00	200.00
3. a) Optionally Fully Convertible Redeemable Bonds (OFCRB)	—	2.37
b) Premium Accrued But not Due	—	6.60
	1875.40	1552.91
4. Working Capital Loans / Other Loans :		
Cash Credit and Working Capital Demand Loans from banks	257.39	204.81
TOTAL SECURED LOAN	2132.79	1757.72

Notes :

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

- (1) a) Term Loans availed from ICICI, LIC, IFCI, UIL, GIC, Canara Bank, Dena Bank, Vijaya 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 Plants Equipments.
The previous Rupee Term Loan of ₹ 38.85 Crores (₹ 334.31 Crores) are secured by personal guarantee of two Directors, and ₹ 789.13 Crores (613.90 Crores) are secured by the personal guarantee on one Director and fresh Term Loan availed from SBH and PNB has no personal guarantee from Directors.
The Power Plant Equipments to the tune of ₹ 81 Crores are charged to IDFC for Term Loan of ₹ 81 Crores. Rupee Term Loan of ₹ 700 Crores sanctioned by SBH and PNB and disbursed during the year to the tune of ₹ 675 Crores are secured by first pari-passu mortgage on all immovable properties except Packing Machine supplied by PESMEL, Finland, CPP equipments worth ₹ 81 Crores and assets pertaining to Satarda Project of the Company and first pari-passu charge by way of hypothecation of all moveable assets including but not limited to Plant & machinery, Machinery Spares, Tools and Accessories except Packing Machine supplied by PESMEL Finland. The said securities will rank pari-passu amongst the participating lenders in the facility and all other existing Term Lenders of the Company. Other existing Term Lenders comprise of Indian Banks / Foreign Banks / Financial Institutions that are existing Term Lenders to the Company and have first charge on the security.
- b) i) **ECB Loan of :**
USD NIL (1.25 million) equivalent to ₹ NIL (₹ 5.70 Crores) from Bank of India;
USD NIL (0.937 million) equivalent to ₹ NIL (₹ 4.27 Crores) from Syndicate Bank;
USD 35.00 million (42.50 million) equivalent to ₹ 157.99 Crores (₹ 193.71 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 2.085 million (2.501 million) equivalent to ₹ 9.41 Crores (₹ 11.40 Crores) is secured by hypothecation of Packing Machine supplied by PESMEL, Finland.
- iii) **ECB of :**
EURO 0.67 million (representing 50% of borrowing) (Previous Year 0.83 million) equivalent to ₹ 4.26 Crores (Previous Year ₹ 5.12 Crores) availed by Texturing Technology Private Limited, Joint Venture Company, is secured by Hypothecation of Waldrich Electro Discharge Texturing Machine - Profitax-60.
- (2) The Company has issued 2000, 11.25% Non Convertible Debentures of ₹ 10 lacs each, aggregating to ₹ 200 Crores during the year 2009-10, which are secured by first pari passu mortgage & charge on all moveable properties including moveable machines, machine spares, tools and accessories, both present and future except Packing Machine supplied by PESMEL Finland, and Captive Power Plant Equipments.
Redemption : 4 Semi Annual Installments of 25% each, starting from Sept-2013. The said Non Convertible Debentures are listed on Wholesale Debt Market (WDM) Segment of Bombay Stock Exchange.
Axis Trustee Services Ltd has been appointed as Debenture Trustees for the said Debentures.
- (3) Optionally Fully Convertible Bonds have been redeemed during the year at the option of the bond holder.
- (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) 25,02,500 equity shares (25,02,500) held by the promoters are pledged by them against term loan of ₹ 9.55 Crores (₹ 9.55 Crores) availed by the company from ICICI Bank.

Uttam Galva Steels Limited
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd...)

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE D : UNSECURED LOANS		
1. a) Short Term Loans	135.52	383.18
b) SICOM Loan	2.17	2.77
	137.69	385.95
2. Foreign Currency Convertible Bonds	—	68.37
Premium Accrued But not Due	—	19.65
TOTAL UNSECURED LOAN	137.69	473.97

(1) Short Term Loans of ₹ 0.10 Crore from Balaji Infrastructure Limited and 30 million USD equivalent to ₹ 135.42 Crore, Credit Facility availed by Ferro Zinc International FZE, step down Subsidiary of Uttam Galva Holdings Limited, Dubai from ICICI Bank.

(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 ₹ 45.12 per Share with a fixed rate of exchange on conversion of ₹ 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, and bonds worth USD 2.50 have been converted into equity shares during the year 2009-10.

(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 per cent of their principal amount. The premium paid on redemption has been charged to Securities Premium Account.

(iv) The bonds of Series 'A' worth US \$ 15.00 Million have been redeemed on August 9, 2010 at 130.97 per cent of their principal amount. The Premium paid on Redemption has been charged to Securities Premium Account.

SCHEDULE E : FIXED ASSET FOR THE PERIOD ENDED 31ST MARCH, 2011

(₹ in Crores)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST	ADDI-	DEDUC-	COST	UP TO	PERIOD ENDED			AS AT	AS AT
	1-Apr-10	TIONS	TION	31-Mar-11	1-Apr-10	31-Mar-11	DEDUC-TION	TOTAL	31-Mar-11	31-Mar-10
Land	42.01	0.00	0.00	42.01	0.00	0.00	0.00	0.00	42.01	42.01
Building & Site Development	476.94	14.68	0.00	491.62	64.26	16.03	0.00	80.29	411.33	412.68
Flats / Office Premises	2.96	0.00	0.00	2.96	0.18	0.05	0.00	0.23	2.73	2.78
Plant & Machinery	1884.70	48.99	0.00	1933.69	514.82	101.07	0.00	615.89	1317.81	1369.88
Furniture & Future	13.82	9.45	0.00	23.27	5.46	0.69	0.00	6.15	17.11	8.36
Office Equipments	7.13	0.00	0.00	7.13	2.98	0.64	0.00	3.62	3.51	4.15
Computer	9.33	1.40	0.00	10.73	4.79	1.24	0.00	6.03	4.70	4.54
Vehicles	7.57	1.13	0.26	8.44	2.04	0.69	0.09	2.64	5.79	5.53
Housing Complex	21.78	2.55	0.00	24.33	1.01	0.37	0.00	1.38	22.95	20.77
TOTAL	2466.24	78.20	0.26	2544.18	595.54	120.78	0.09	716.24	1827.94	1870.70
PREVIOUS YEAR	2267.36	198.88	0.00	2466.24	482.84	112.70	0.00	595.54	1870.70	



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd...)

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE F : INVESTMENTS		
Unquoted investments		
Associate Company		
i) 9,994 Equity Shares of ₹ 10/- Each of Uttam Utkal Steels Limited fully paid.	0.01	0.01
	<u>0.01</u>	<u>0.01</u>
Others		
i) National Saving Certificate VIII Issue	0.01	0.01
ii) 20,000 Equity Shares of ₹ 25/- Each of Punjab & Maharashtra Co-operative Bank Limited	0.05	0.05
iii) 300,000 Unsecured Optionally Fully Convertible Debentures of ₹ 100/- Each in Shree Bhavani Power Projects Private Limited.	3.00	3.00
iv) 515,000, Equity Shares of ₹ 10/- Each in Ansal Hi-Tech Township Limited fully Paid.	0.52	0.51
	<u>3.58</u>	<u>3.57</u>
	<u>3.59</u>	<u>3.58</u>
SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES		
(A) CURRENT ASSETS		
(a) Inventories (As valued & Certified by the Management)		
Raw Materials	712.71	291.62
Raw Materials - in transit	116.91	116.36
Finished goods	316.85	89.52
Work-in-Process	156.71	89.17
Arisings	9.60	7.17
Packing Material	1.92	2.11
Stores, Spares, Consumables etc.	51.33	50.19
	<u>1366.03</u>	<u>646.14</u>
(b) Sundry Debtors (Unsecured, considered good)		
Debts Outstanding for a period exceeding six months	20.23	6.40
Other Debts	705.45	410.47
Provision for Doubtful Debts	(2.08)	(2.08)
	<u>723.60</u>	<u>414.79</u>
(c) Cash & Bank Balances		
Cash on Hand	0.56	0.08
Balance in Current Accounts with Scheduled Banks*	53.70	146.48
Short Term Deposit / Margin Money Deposit	15.38	15.35
	<u>69.64</u>	<u>161.91</u>
SUB TOTAL	(A) <u>2159.27</u>	<u>1222.84</u>

* Includes ₹ 0.07 Crores (Previous Year ₹ 0.07 Crores) balance in Foreign Bank and maximum balance Outstanding during the Year is ₹ 0.07 Crores (Previous Year ₹ 0.07 Crores)

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd...)

	(₹ in Crores)	
	As at 31.03.2011	As at 31.03.2010
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	94.13	140.95
Advances to Suppliers	192.04	150.76
Deposits with Government & Semi Government Bodies	65.57	54.18
Deposits with Others	18.09	18.53
Prepaid Expenses	34.14	26.97
Advance Tax	31.20	24.09
MAT Credit Entitlements	41.33	47.37
SUB TOTAL	(B) 476.50	462.85
TOTAL	(A) + (B) 2635.77	1685.69
SCHEDULE H : CURRENT LIABILITIES & PROVISIONS		
(a) Current Liabilities		
Sundry Creditors :		
i) Micro, Small and Medium Enterprises	0.74	0.36
ii) Other Creditors	696.81	121.83
Advance from Customers	428.91	636.73
Bills Payable Acceptance	890.55	184.99
Other Liabilities	87.64	31.92
SUB TOTAL	(A) 2104.65	975.83
(b) Provisions		
Provision for Tax (MAT)	21.51	25.97
Provision for Wealth Tax	0.05	0.05
SUB TOTAL	(B) 21.56	26.02
TOTAL	(A) + (B) 2126.21	1001.85
SCHEDULE I : SALES & OTHER INCOME		
A) SALES		
i) Local Sales		
Sales Local Prime	2853.27	2167.09
Sales Local Arisings	192.15	185.44
Sales Local Service Centre	600.38	743.62
Sales Local Trading	85.22	162.65
Local Sales	(I) 3731.02	3258.80
ii) Export Sales		
Sales Export & Export Incentives	915.88	1215.38
Foreign Exchange Fluctuation on Exports	17.09	(21.59)
Sales Merchandise Export	659.83	244.55
Export Sales	(II) 1592.80	1438.34
Total Sales	(I+II) 5323.82	4697.14
B) OTHER INCOME		
Commission & Other Income	0.47	0.74
TOTAL OTHER INCOME	0.47	0.74
TOTAL SALES & OTHER INCOME	5324.29	4697.88



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd...)

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE J : RAW MATERIALS, FINISHED GOODS & SEMI-FINISHED GOODS		
A) MATERIALS COST		
(1) Raw Materials Consumed :		
Opening Stock	189.20	116.87
Add : Purchases*	3467.08	2626.61
	3656.28	2743.48
Less : Closing Stock*	562.50	189.20
Materials Consumed	3093.78	2554.28
(2) Consumption of RM at Service Centre	556.97	655.18
(3) Consumption of Trading Materials	749.53	408.71
TOTAL (A)	4400.28	3618.17
* Includes ₹ 116.91 Crores (Previous Year ₹ 119.62 Crores) of Raw Materials in Transit as on 31.03.2011.		
B) VARIATION IN STOCK-FINISHED GOODS & WORK-IN-PROCESS		
Closing Stock – Finished Goods	302.70	86.22
Stock-in-transit	14.15	3.31
Arisings	9.60	7.17
Work-in-Process	156.70	89.17
	483.15	185.87
Less : Opening Stock – Finished Goods	86.22	67.17
Stock-in-transit	3.31	1.83
Arisings	7.17	8.30
Work-in-Progress	89.17	88.76
	185.87	166.06
(Increase) / Decrease in Stock (B)	(297.28)	(19.81)
RAW MATERIALS, FINISHED GOODS & SEMI-FINISHED GOODS	4103.00	3598.36
SCHEDULE K : OTHER MANUFACTURING EXPENSES		
Power Consumption	105.64	96.68
Fuel Consumption	46.53	60.04
Stores & Spares Consumed	41.63	37.53
Repairs & Maintenance to Plant	13.45	9.48
Processing Charges	14.40	10.88
TOTAL	221.65	214.61



SCHEDULE P: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2010-11

A. SIGNIFICANT ACCOUNTING POLICIES

1.0 Accounting Policies :

Most of the accounting policies of the Holding Company and that of the Subsidiary and Joint Venture Companies are similar.

2.0 Principal for Consolidation:

The consolidated financial statements relate to UTTAM GALVA STEEL LTD and its Subsidiary / Joint Venture Companies. The consolidated financial statements have been prepared on following basic:

- a) The financial statement of the company and its Subsidiary / Joint Venture Companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transaction resulting in unrealized profit and losses as per accounting standard 21- "consolidated financial statement" notified by companies (accounting standard) rules, 2006.
- b) In case of foreign subsidiaries, being non integral operation, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.
- c) The difference between the cost of investments in the subsidiaries and joint ventures, and the company's share of net assets at the time of acquisition of shares in subsidiaries and joint ventures is recognised in financial statement as Goodwill or Capital Reserve as the case may be.
- d) Interest in joint venture have been accounted by using the proportionate consolidation method as per accounting standard 27 – "financial reporting of interest in joint venture" notified by companies (accounting standards) Rules 2006.
- e) The financial statement of the subsidiaries, associates and joint ventures consolidated are drawn up to the same reporting date as that of the company i.e.31st March, 2011.

3.1 The list of Subsidiary Companies & Joint Venture, which forms part of Consolidation and the company's holdings therein are as under:

Sr. No.	Name of the Company	Country of Incorporation	% of Holding
A.	SUBSIDIARY COMPANIES		
	1. Uttam Galva Holdings Limited	DUBAI	100%
	2. Ferro Zinc International FZE*	DUBAI	100%
	3. Atlantis International Services Limited	B.V.I	100%
	4. Uttam Galva Steels, Netherland BV	Netherland	100%
B.	JOINT VENTURE		
	1. Texturing Technology Private Limited (TTPL)	INDIA	50%
	2. Moira Madhujore Coal Limited	INDIA	28.754%

* Note : Ferro Zinc International FZE is step down subsidiary of Uttam Galva Holdings Limited, Dubai.

3.2 All companies under consolidation, depreciation is charged on Straight Line Method (SLM), where as in case of TTPL depreciation of ₹ 1.37 Crore is charged on Written Down Value Method (WDV), which is 1.13% of total depreciation.

4.0 The audited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principle of its Country of Incorporation or International Financial Reporting Standards (IFRS).

Uttam Galva Steels Limited

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

6.1 Contingent Liabilities not provided for in respect of :

(₹ in Crores)

Sr. No.		31 st March 2011	31 st March 2010
(a)	Letters of Credit outstanding	591.93	1346.31
(b)	Bank Guarantees	92.54	19.17
(c)	Estimated amount of contracts remaining to be executed on capital account and not provided for	60.04	54.00
(d)	Bills Discounted	NIL	NIL

6.2 The Company had given a corporate guarantee aggregating to ₹ 315.98 Crores (Previous Year ₹ 274.26 Crores) to Banks & Government Authorities on behalf of others.

7.0 Pursuant to revision of Accounting Standard 11 (AS 11), exchange fluctuation Gain of ₹ 31.88 Crores (Previous Year Loss ₹ 31.29 Crore) on Foreign Currency Loans is adjusted against cost of relevant fixed assets.

8.0 Taxation.

8.1 The Company has taxable income as per the provisions of the Income Tax Act, 1961.

8.2 The company has provided for deferred income tax liability to the tune of ₹ 15.46 Crores (Previous Year ₹ 32.02 Crores) arising on account of timing difference between the book and tax profit of the period. The same is net of tax incentive available at a future date and deferred income tax payable at future date.

8.3 During the year the Company has recognised 'MAT Credit Entitlement' to the sum of ₹ Nil (Previous Year ₹ 7.98 Crores) pertaining to MAT payment for the current year.

9.0 Earning Per Share (EPS)

	2010-11	2009-10
a) Earning Per Share (EPS) Basic.		
Profit for the Year (₹ in Crores)	76.64	102.77
Weighted average No. of Ordinary Shares of ₹ 10 Each for Basic EPS	122260103	120859219
Earning Per Share (EPS) Basic (₹)	6.27	8.50
b) Earning Per Share (EPS) Diluted.		
Profit for the Year (₹ in Crores)	76.64	102.77
Interest on FCCB (Net of Tax Effect)	-	1.42
TOTAL	76.64	103.89
Weighted average No. of Ordinary Shares of ₹ 10 Each for Basic EPS	122260103	120859219
Add : Adjustment for Conversion of FCCBs in to Equity Shares	0	15872294
Total Weighted average No. of Ordinary Shares for Diluted EPS	122260103	136731513
Earning Per Share (EPS) Diluted (₹)	6.27	7.62



10.0 In respect of Joint Controlled Entities, the Company's share of assets, liabilities, income and expenditure of Joint Venture Company is as follows:

(₹ in Crores)

Particulars	Moira Madhujore Coal Limited	Texturing Technology Private Limited	
	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
1. Assets			
a) Fixed Assets (Including CWIP)	Nil	8.60	9.60
b) Current Assets	0.58	0.79	0.68
2. Liabilities			
a) Secured / Unsecured Loans	—	4.26	5.12
b) Current Liabilities	0.01	1.60	2.10
3. Income	—	3.04	0.02
4. Expenditure	—	2.56	0.02

11.0 (a) List of Related Parties As per Accounting Standard 18 (AS.18) 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

(ii) **Other Related Parties**

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

Co-Promoter

ArcelorMittal Netherland, B.V.

Associates / Joint Ventures

Growell Mercantile Limited
Shree Uttam Steel and Power Limited
Uttam Galva Metallica Limited
Uttam Distribution Network Limited
Uttam Utkal Steels Limited.

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

Particulars	Ability to Contol/Execise significant influence	Associates
Sale of goods / services	94.54	120.62
Purchase of goods / services	332.66	—
Rent Payment	—	2.62

Uttam Galva Steels Limited

12.0 During the year the company has entered into financial derivative transactions to hedge its exposure to foreign currency transactions. The outstanding position as on 31st March, 2011 in respect of forward covers related to imports / exports is ₹ 189.78 Crores.

Signatures to Schedules A to P

As per my report attached

For and on behalf of the Board

For **Prakash Muni & Associates**
Chartered Accountants
Firm Registration No. 111792 W

Rajinder Miglani
Chairman

Ankit Miglani
Deputy Managing Director

Prakash R. Muni
Proprietor
Membership No. 30544
Place : Mumbai
Dated : 30th May, 2011.

R Agrawal
Sr. Vice President & Company Secretary



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Crores)		
PARTICULARS	31.03.2011	31.03.2010
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax and Extraordinary Items	113.85	152.78
Provision for Doubtful Debts	0.00	1.68
Adjustments for Depreciation	120.78	112.70
(Profit) / Loss on Sale of Assets	0.07	0.00
Interest & Financial Charges	214.92	188.67
Operating Profit Before Working Capital Changes	449.62	455.83
Adjustments for :		
(Increase) / Decrease in Trade and other Receivables	(321.40)	69.66
(Increase) / Decrease in Inventories	(719.89)	(152.15)
Increase / (Decrease) in Trade Payables	1161.75	(365.59)
Cash Generated from Operations	569.38	7.75
Direct Taxes Paid (Net of Refunds)	(33.11)	(23.17)
Prior Period Expenses (Net)	3.25	5.81
Cash Flow from Operating Activities	539.52	(9.61)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(401.17)	(429.10)
Sale of Fixed Assets	0.26	-
Purchase of Investments	(0.01)	4.39
Interest / Dividend Received	3.34	5.83
Net Cash Used in Investing Activities	(398.58)	(418.88)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Application / Call Money on Share Capital	0.00	2.42
Securities Premium received	(20.79)	8.47
Redemption / Conversion of FCCB	(68.37)	(22.31)
Proceeds from Long Term Borrowings	1139.58	649.06
Repayments of Long Term Borrowings	(817.09)	(168.81)
Interest & Financial Charges Paid	(179.64)	(189.90)
Gain / (Loss) on Forward Contracts	(38.62)	(4.60)
Proceeds / (Repayments) of Deferred Sales Tax Loan / ICD / Unsecured Loans	(248.27)	163.06
Net Cash Generated from Financing Activities	(233.20)	437.39
Net Increase in Cash & Cash Equivalents (A+B+C)	(92.27)	8.90
Cash & Cash Equivalents (Opening)	161.91	153.01
Cash & Cash Equivalents (Closing)	69.64	161.91

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.

As per my report attached

For and on behalf of the Board

For **Prakkash Muni & Associates**
Chartered Accountants
Firm Registration No. 111792 W

Rajinder Miglani
Chairman

Ankit Miglani
Deputy Managing Director

Prakkash R. Muni
Proprietor
Membership No. 30544

R Agrawal
Sr. Vice President & Company Secretary

Place : Mumbai
Dated : 30th May, 2011.

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IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs undertook a “Green Initiative in the Corporate Governance” by allowing paperless compliance by the companies and has issued circular Nos. 17/2011 dated 21-4-2011 and 18/2011 dated 29-4-2011 stating that service of notice / documents including Annual Report can be sent by electronic mode to its members. To support this Green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses and changes therein from time to time along with their name, address and Folio No./Client Id No., in respect of their shareholding with :

- i) The Registrar and Share Transfer Agents Viz. Universal Capital Securities Pvt. Ltd. for shares held in physical form and;
- ii) The concerned Depository Participants in respect of shares held in electronic / demat mode

Upon registration of e-mail address(es), the Company would send Notices / Circulars / Documents including Annual Report and other communications via electronic mode.

In case any Member opts / insists for physical copies of above documents, the same would be sent to him by post free of cost at the address registered with the Company.

Note : You can register your e-mail address at : shares@uttamgalva.com

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REGISTRATION FORM FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

M/s. Universal Capital Securities Private Limited

(Unit : UGSL)

21, Shakil Niwas, Mahakali Caves Road,
Andheri (East), Mumbai – 400 093.

I/We, am/ are member/s of **M/s. UTTAM GALVA STEELS LIMITED** and hereby exercise my/our option to receive the documents such as Notices / Circulars / Documents including Annual Reports and other communications in electronic mode pursuant to the circular Nos. 17/2011 dated 21-4-2011 and 18/2011 dated 29-4-2011 by the Ministry of Corporate Affairs. Please register my following e-mail id in your records for sending communication through electronic mode.

Name of First Member _____

Joint Holder – 1 _____

Joint Holder – 2 _____

e-mail id for registration _____

Date : _____ Signature (1st holder) _____

Regd.Folio/Client Id No. _____



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 **26th Annual General Meeting** to be held at **11:00 a.m. on Saturday, 20th August, 2011** or adjournment thereof.

Signed this _____ day of _____ 2011

Signature _____

E-mail address _____

Affix
₹ 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:

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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 Sixth Annual General Meeting** at **11:00 a.m. on Saturday, the 20th August, 2011** at M. C. Ghia Hall, 18/20 K Dubhash Marg, Mumbai – 400 001.

Signature of Shareholder or Proxy _____

E-mail address _____

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 at the meeting.



BOOK - POST

If undelivered please return to:

M/S UNIVERSAL CAPITAL SECURITIES PVT. LTD.

(UNIT: UGSL)

21, SHAKIL NIWAS,
MAHAKALI CAVES ROAD,
ANDHERI (EAST),
MUMBAI - 400 093.