



**UTTAM**

27<sup>th</sup>  
27<sup>th</sup>  
Annual Report  
**Annual Report**  
2011 - 2012  
**2011 - 2012**

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**UTTAM GALVA STEELS LIMITED**

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<b>BOARD OF DIRECTORS</b>	RAJINDER MIGLANI : CHAIRMAN S P TALWAR : DIRECTOR P G KAKODKAR : DIRECTOR S T PARIKH : DIRECTOR O P GAHROTRA : ADDITIONAL DIRECTOR SWARNA PRABHA SUKUMAR : DIRECTOR (NOMINEE – LIC) ANUJ R MIGLANI : MANAGING DIRECTOR ANKIT MIGLANI : DY. MANAGING DIRECTOR A K MAHENDRU : DIRECTOR (COMMERCIAL) S G TUDEKAR : DIRECTOR (WORKS)
<b>DIRECTOR (FINANCE) &amp; GROUP CFO</b>	GURSHARAN S SAWHNEY
<b>SR. VICE PRESIDENT &amp; COMPANY SECRETARY</b>	R AGRAWAL
<b>WORKING CAPITAL BANKERS</b>	STATE BANK OF INDIA CANARA BANK PUNJAB NATIONAL BANK UNION BANK OF INDIA IDBI BANK LIMITED BANK OF BARODA INDIAN OVERSEAS BANK ICICI BANK LIMITED PUNJAB & MAHARASHTRA CO-OP BANK LIMITED
<b>STATUTORY AUDITORS</b>	M/S. PRAKKASH MUNI & ASSOCIATES CHARTERED ACCOUNTANTS MUMBAI
<b>INTERNAL AUDITORS</b>	M/S. K S AIYAR & CO. CHARTERED ACCOUNTANTS MUMBAI
<b>REGISTERED OFFICE</b>	UTTAM HOUSE, 69, P. D'MELLO ROAD, MUMBAI : 400 009 E-MAIL : shares@uttamgalva.com WEBSITE : www.uttamgalva.com
<b>OTHER OFFICES / BRANCHES</b>	<ul style="list-style-type: none"><li>• KEONJHAR, ODISHA</li><li>• PUNE</li><li>• NEW DELHI</li><li>• BANGALORE</li><li>• CHENNAI</li><li>• HYDERABAD</li><li>• AHMEDABAD</li><li>• INDORE</li></ul>
<b>WORKS</b>	KHOPOLI – PEN ROAD, DONVAT DIST : RAIGAD – MAHARASHTRA KHOPOLI – PALI ROAD, DAHIVALI DIST : RAIGAD – MAHARASHTRA TALOJA – 12, MIDC DIST : RAIGAD – MAHARASHTRA

<b>CONTENTS</b>	<b>PAGE NO.</b>
HIGHLIGHTS	03-03
NOTICE	04-07
DIRECTORS' REPORT	08-22
AUDITORS' REPORT	23-25
BALANCE SHEET AND PROFIT & LOSS ACCOUNT WITH NOTES	26-47
SUMMARY OF FINANCIAL INFORMATION PERTAINING TO SUBSIDIARY COMPANIES	48-48
AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS	49-49
CONSOLIDATED BALANCE SHEET & PROFIT & LOSS ACCOUNT WITH NOTES	50-65

# 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

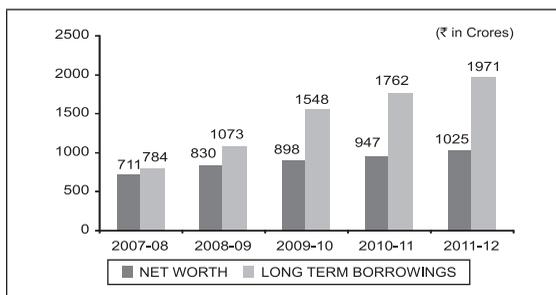


## FINANCIAL HIGHLIGHTS

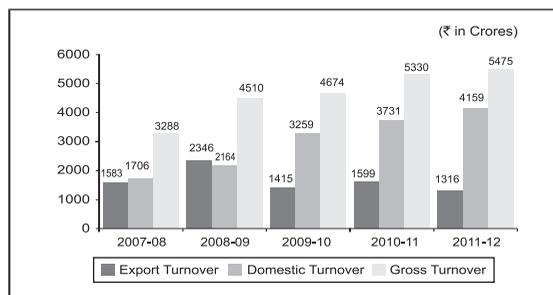
(₹ in Crores)

PARTICULARS	2011-12	2010-11	2009-10	2008-09	2007-08
<b>SALES &amp; EARNINGS</b>					
Domestic Turnover	4159	3731	3259	2164	1706
Export Turnover	1316	1599	1415	2346	1583
<b>GROSS REVENUE FROM OPERATION</b>	<b>5475</b>	<b>5330</b>	<b>4674</b>	<b>4510</b>	<b>3289</b>
Earning before Interest, Tax, Depreciation and Amortisation ( EBITDA )	506	441	451	359	303
Finance Cost	245	212	186	166	114
<b>Profit Before Depreciation &amp; Tax ( PBDT )</b>	<b>268</b>	<b>233</b>	<b>265</b>	<b>194</b>	<b>189</b>
Depreciation	127	119	113	92	65
Profit Before Tax ( PBT )	141	114	152	101	124
<b>Profit After Tax ( PAT )</b>	<b>78</b>	<b>77</b>	<b>102</b>	<b>100</b>	<b>124</b>
<b>ASSETS &amp; LIABILITIES</b>					
Non - Current Assets	3401	2886	2513	2206	1649
Current Assets	2435	2516	1668	1588	1559
<b>Total Assets</b>	<b>5836</b>	<b>5402</b>	<b>4182</b>	<b>3794</b>	<b>3209</b>
<b>REPRESENTED BY</b>					
Shareholders' Fund	1025	947	898	830	711
Long Term Borrowings	1971	1762	1548	1073	784
Non - Current Liabilities	481	98	567	338	265
Current Liabilities	2359	2594	1168	1553	1450
<b>Total Funds</b>	<b>5836</b>	<b>5402</b>	<b>4182</b>	<b>3794</b>	<b>3209</b>
<b>RATIOS</b>					
EARNING PER EQUITY SHARE ₹	6.38	6.28	8.48	8.36	11.63
BOOK VALUE PER EQUITY SHARE ₹	83.84	77.46	73.43	69.24	62.21
DEBT: EQUITY RATIO	2.08:1	1.98:1	1.60:1	1.29:1	1.10:1

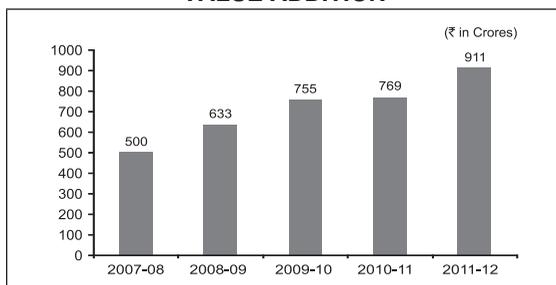
### NETWORTH AND LONG TERM BORROWINGS



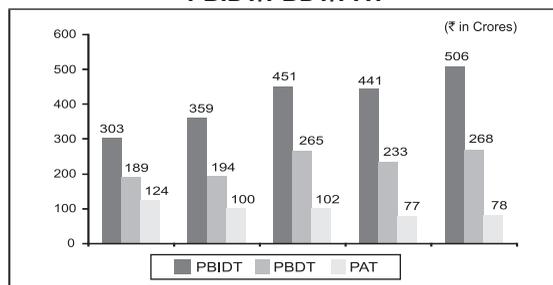
### TOTAL SALES



### VALUE ADDITION



### PBDT/PBDT/PAT



## NOTICE

**NOTICE** is hereby given that the **27<sup>th</sup> ANNUAL GENERAL MEETING** of the Members of the Company will be held at 11:00 a.m. on Saturday, the 21<sup>st</sup> July, 2012 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 31<sup>st</sup> March, 2012 and the Balance Sheet as at that date and Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Rajinder Miglani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri P.G. Kakodkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Prakkash Muni & Associates, Chartered Accountants, (Registration No. 111792W) as the Statutory Auditor for the Financial Year 2012-13, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 28<sup>th</sup> Annual General Meeting and to authorize the Board of Directors to decide their remuneration.

### **SPECIAL BUSINESS:**

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

“**RESOLVED THAT** Shri O P Gahrotra who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 with effect from the Board Meeting held on 21<sup>st</sup> January, 2012 and who vacates his office at the conclusion of the 27<sup>th</sup> Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Shri O P Gahrotra as a candidate for the office of Director of the Company be and is hereby appointed as the Director of the Company.”

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

“**RESOLVED THAT** subject to the provisions of Sections 198, 269, 309 read with Schedule XIII

and other applicable provisions of the Companies Act, 1956; Articles 23, 24 and 25 of the Articles of Association of the Company, approval of the Company be and is hereby accorded for the re-appointment of Shri Ankit Miglani as a Dy. Managing Director of the Company for the period of 3 years from 29<sup>th</sup> July, 2011 to 28<sup>th</sup> July, 2014 on the following terms and conditions:-

- a) Remuneration
  - (i) ₹10,00,000/- per month by way of salary, perquisites and other allowances.
- b) Benefits
  - (i) Contribution to Provident Fund and Superannuation Fund as per rules of the Company.
  - (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
  - (iii) Leave and Encashment of leave as per the rules of the Company.
  - (iv) Free use of Car with driver and free telephone facility at Residence for the business of the Company.
  - (v) Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.
- c) The Company shall pay to or reimburse to the Dy. Managing Director all costs, charges and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.
- d) In the event of the loss or inadequacy of profit in any financial year during his tenure as the Dy. Managing Director, the aforesaid remuneration will be treated as minimum Remuneration subject to the approval of Central Government, if any, as may be required.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to vary, alter or modify the different components of the above-stated remuneration in accordance with provision of Schedule XIII to the Companies Act, 1956 as may be agreed to by the Board of Directors and Shri Ankit Miglani.



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

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

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including statutory modification or re-enactment thereof, for the time being in force) and pursuant to Articles 23, 24 and 25 of the Articles of Association of the Company, approval of the Company be and is hereby accorded for the re-appointment of Shri A K Mahendru as a Director (Commercial) for a period of three years effective from 28<sup>th</sup> October, 2011 to 27<sup>th</sup> October, 2014 on the following terms and conditions: -

- (a) Remuneration:
- (i) ₹ 3,00,000/- per month by way of salary, perquisites and other allowances.
- (b) Benefits:
- (i) Contribution to Provident Fund and Superannuation Fund as per rules of the Company.
- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- (iii) Leave and Encashment of leave as per the rules of the Company.
- (iv) Free use of Car with driver and free telephone facility at Residence for the business of the Company.
- (v) Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.
- (c) Company shall pay to or reimburse the Director (Commercial) all costs, charges and expenses that may have been or may be incurred by him for the purpose of or in behalf of the Company.
- (d) In the event of the loss or inadequacy of profit in any financial year during his tenure as the Director (Commercial), the aforesaid remuneration will be treated as minimum remuneration subject to approval of Central Government, if any, as may be required.

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

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to vary, alter or modify the different components of the above-stated remuneration in accordance with provision of Schedule XIII to the Companies Act, 1956 as may be agreed to by the Board of Directors and Shri A K Mahendru.

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

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

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including statutory modification or re-enactment thereof, for the time being in force) and pursuant to Articles 23, 24 and 25 of the Articles of Association of the Company, approval of the Company be and is hereby accorded for the re-appointment of Shri S G Tudekar as a Director (Works) for a period of three years effective from 28<sup>th</sup> October, 2011 to 27<sup>th</sup> October, 2014 on the following terms and conditions: -

- (a) Remuneration:
- (i) ₹ 3,00,000/- per month by way of salary, perquisites and other allowances.
- (b) Benefits:
- (i) Contribution to Provident Fund and Superannuation Fund as per rules of the Company.
- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- (iii) Leave and Encashment of leave as per the rules of the Company.
- (iv) Free use of Car with driver and free telephone facility at Residence for the business of the Company.
- (v) Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.

## Uttam Galva Steels Limited

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- (c) Company shall pay to or reimburse the Director (Works) all costs, charges and expenses that may have been or may be incurred by him for the purpose of or in behalf of the Company.
- (d) In the event of the loss or inadequacy of profit in any financial year during his tenure as the Director (Works), the aforesaid remuneration will be treated as minimum remuneration subject to approval of Central Government, if any, as may be required.
- (e) The above appointment may be terminated at any time by giving 60 days notice by either party.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to vary, alter or modify the different components of the above-stated remuneration in accordance with provision of Schedule XIII to the Companies Act, 1956 as may be agreed to by the Board of Directors and Shri S G Tudekar.

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

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

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

### Registered Office:

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

Date: 9<sup>th</sup> May, 2012

### 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 and Share Transfer Books of the Company shall remain closed from 17<sup>th</sup> July, 2012 to 21<sup>st</sup> July, 2012 (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) and all applicable listing fees have been paid upto date.
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 during the Year is provided herewith as a part of the Corporate Governance Report as required by Clause 49 of the Listing Agreement.
8. As per the green initiative of MCA, 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 Notifications from the Company, in electronic form.
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 Private Limited)**  
**(Unit : UGSL)**  
21, Shakil Niwas,  
Mahakali Caves Road,  
Andheri (East),  
Mumbai – 400 093  
Tele No.: 28207203 / 05  
E-mail: info@unisec.in



## EXPLANATORY STATEMENT

### Pursuant to Section 173 (2) of the Companies Act, 1956

#### Item No. 5

Shri O P Gahrotra has joined the Board with effect from 21<sup>st</sup> January, 2012 as an Additional Director of the Company. In accordance with the provisions of Section 260 of the Companies Act, 1956, he holds the office up to the date of 27<sup>th</sup> Annual General Meeting.

Shri O P Gahrotra is having more than 40 years of experience in Financial Sector. He is a member of the Indian Administrative Service (IAS). He belongs to the 1969 batch of Maharashtra Cadre of Service. He retired as an Additional Chief Secretary to the Government of Maharashtra. He has worked as Senior Executive Director of Securities and Exchange Board of India (SEBI) and was a SEBI Nominee on the Board of Directors of the NSE.

None of the other Directors except Shri O P Gahrotra is in any way concerned or interested in this Resolution.

The Board accordingly recommends the resolution set out in Item No. 5 for the approval of the Members.

#### Item No. 6

Shri Ankit Miglani was re – appointed as the Dy. Managing Director of the Company by the Board of Directors at its Meeting held on 30<sup>th</sup> July, 2011 for the further period of three years, commencing from 29<sup>th</sup> July, 2011 to 28<sup>th</sup> July, 2014 on terms and conditions as set out in the Ordinary Resolution at Item No 6.

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

The terms of re-appointment of Shri Ankit Miglani, as set out in the Ordinary Resolution at Item No 6, should also be treated as the abstract under Section 302 of the Companies Act, 1956.

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

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

#### Item No. 7

Shri A K Mahendru was re-appointed as the Director (Commercial) for the further period of three years,

commencing from 28<sup>th</sup> October, 2011 to 27<sup>th</sup> October, 2014 on terms and conditions as set out in the Ordinary Resolution at Item No7.

Shri A K Mahendru is having more than 45 years of experience in Steel Industry. He is B.Tech, FIE & MIMA and joined the Company in 1995 and was elevated to as an Executive Director of the Company w.e.f. 1<sup>st</sup> April, 1999.

The terms of re-appointment of Shri A K Mahendru, as set out in the Ordinary Resolution at Item No 7, should also be treated as the abstract under Section 302 of the Companies Act, 1956.

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

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

#### Item No. 8

Shri S G Tudekar was re-appointed as the Director (Works) for the further period of three years, commencing from 28<sup>th</sup> October, 2011 to 27<sup>th</sup> October, 2014 on terms and conditions as set out in the Special Resolution at Item No 8. Since he has completed 70 years of age, hence special resolution is proposed in terms of the provisions of Schedule XIII to the Companies Act, 1956.

Shri S G Tudekar is having experience of more than 49 years in the Steel Industry. 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 an Executive Director w.e.f. 1<sup>st</sup> April, 2000.

The terms of re-appointment of Shri S G Tudekar, as set out in the Special Resolution at Item No. 8, should also be treated as the abstract under Section 302 of the Companies Act, 1956.

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

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

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

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

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

Date: 9<sup>th</sup> May, 2012

**DIRECTORS' REPORT**

To,  
The Members

Your Directors have pleasure in presenting the Twenty Seventh Report on the business and operations of the Company, along with the Audited Statement of Accounts for the Financial Year ended 31<sup>st</sup> March, 2012.

**1. FINANCIAL RESULTS (Stand-Alone Basis):**

(₹ in Crores)

PARTICULARS	Year ended 31 <sup>st</sup> March, 2012	Year ended 31 <sup>st</sup> March, 2011
Gross Revenue from Operations	<b>5475.38</b>	5329.84
Earning before Interest, Tax, Depreciation and Amortisation ( EBITDA )	<b>505.94</b>	441.26
Finance Cost	<b>245.21</b>	212.24
Depreciation	<b>127.37</b>	119.41
Profit Before Tax ( PBT )	<b>141.00</b>	113.54
Provision for Tax	<b>63.04</b>	36.77
Profit After Tax ( PAT )	<b>77.96</b>	76.77

**2. OPERATIONS:**

Your Company has achieved a turnover of ₹ 5475.38 Crores as against ₹ 5329.84 Crores in the previous year and has recorded Profit before Tax of ₹ 141.00 Crores as against ₹ 113.54 Crores in the previous year.

Your Company has embarked on modernization and an expansion program of the existing facilities and it is also exploring various opportunities in the different business verticals in which it operates. In this endeavor, it is necessary to conserve the resources 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 2011-2012.

**3. CAPTIVE POWER PLANT:**

During the year your Company has successfully commissioned its Captive Power Plant (CPP) having 2 x 30 MW capacity. The commercial production commenced w.e.f. 1<sup>st</sup> March, 2012. The CPP is running at full capacity and the steam and the power generated by CPP is consumed by Uttam Galva Steels Limited (UGSL) to the extent required while the balance power is sold.

**4. EXPORTS:**

Your Company now exports its products to 145 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 240 export customers internationally in 62 countries.

The Global Economic situation has shown signs of revival in USA , Russia , and CIS countries. This has provided a marginal boost to international business. Your company has recorded a sales growth of 6% and has moved up the value chain with 28% growth in Construction and Engineering segments.

Your Company's exclusive marketing and sales arrangements with M/s. ArcelorMittal International for Africa, Middle East, Latin America, Russia and other CIS countries has yielded positive results and the benefits of the same will continue to accrue in the following years.

Your Company has been the recipient of 16 EEPC Awards (15<sup>th</sup> consecutive year) from the Ministry of Commerce and Industry, Government of India for its outstanding exports performance.

**5. DOMESTIC MARKET:**

The Company has focused on the Domestic Market for the last 4 years and has achieved leadership position. Domestic turnover has risen to 76% of the total sales volume in 2011-2012.

Continuous effort has been made in establishing the 'Uttam Suraksha' GC (Galvanised Corrugated Roofing Sheets) brand firmly in the Construction segment and increase its penetration in rural and urban areas. 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 achieved volume growth of 30% sales in this segment over last fiscal.

In the Original Equipment Manufacturer (OEM) market, the Company has been focusing on high growth and profitable segments such as Automotive and Appliances and has thus moved up the value chain in these markets.

Your Company has achieved volume growth of 9% in the Automotive segment over the last fiscal and firmly established itself in the two and four wheeler (Passenger and Commercial) market in western India. Your Company has been catering to the requirements of Mahindra & Mahindra, Force Motors, Eicher and vendors of TATA Motors, Bajaj Auto, General Motors, Piaggio, Volkswagen and others.



In the Appliance segment your Company has achieved volume growth of 60% over the last fiscal and has established itself as a supplier to BlueStar, Voltas, Samsung, Hitachi, Videocon group Companies, Whirlpool, Carrier and others.

In the General Engineering segment the Company has established itself as a major supplier to Otis, Godrej & Boyce, Crompton Greaves and Hematic Motors.

The demand drivers, which include rapid increase in urbanization, improved & growing per capita income level, increased availability of Bank Finances and need for improvement of public transport particularly in semi-urban & rural areas, are very encouraging for your Company.

## 6. 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 across the world is still lean but has picked up pace in the last quarter. In India demand is growing steadily in line with the economic growth. With increase in spend by the Government and Private Sector, on Infrastructure, Power, Capital Goods coupled with Positive Growth in demand from the consumer segments like Automotive and Appliances, the surge in demand for flat steel products in the domestic markets is expected to continue.

### b) Opportunities & Threats

Your Company will continue to maintain & grow its presence in the Export Markets while retaining its focus on value added products in Domestic Market. Your Company is ready to cater to customers' stringent specifications and demands which will ultimately improve the Bottom-line. The overall presence in the Conventional, Construction & Infrastructure Segments will continue.

### c) Segment – wise Performance

Since your Company operates only in one Segment, segment-wise or product-wise analysis of performance is not applicable.

### d) Outlook

The domestic flat steel consumption in the relevant business segments is estimated to grow at 10-12%. The need, however, for value added and niche products is likely to surge and has been identified as major focus area for the Company.

The international market has also demonstrated positive trends. Though the growth in the Euro

Area and US has been marginal, the same, however, in Latin American Countries, Middle East & Africa has been positive and encouraging and has been identified as a major opportunity area for the Company.

### e) Risks and Concerns

Your Directors have put in place critical risk management framework across the Company. Your Company is continuously evolving and improving systems and measures to take care of all the risk exigencies involved in the business.

### f) Internal Control Systems and their adequacy

Effective internal operational control systems and regular internal audit mechanisms to monitor and review the same under the overall control and supervision of the Audit Committee of Directors are in place and functioning well. Efforts for continued improvements are being consistently made in this regard.

All the certifications under ISO: 9001-2008, ISO: 14001-2004, ISO/TS 16949:2009 and OHSAS 18001-2007 for Quality Management, Environment Management, Technical Specifications and Occupational Health & Safety Management respectively, are being maintained by the Company after periodical surveillance audits.

### g) Discussion on Financial Performance with respect to Operational Performance

Your Company has achieved the highest ever Earning before Interest, Tax, Depreciation and Amortisation ( EBITDA ) ₹ 505.94 Crores, which is an improvement of 11.1% over the Previous Year. Cost of Funds has gone up due to increase in Interest rates and therefore eroded the Operational Gains.

Though the Company is covered under Minimum Alternate Tax (MAT), yet the total Income Tax Provision is 45% as against the normal Income Tax rate of 33% due to Provision for higher Deferred Tax.

### h) Material Development in Human Resources / Industrial Relations Front, including Number of People Employed

Implementation of healthy HRD practices for overall development of human resources, induction of professionally qualified & skilled manpower, conduct of regular internal & external training programmes are consistent & continuous processes followed by your Company. Presently, your Company employs more than 1500 employees. Your Company is proud of its healthy Industrial Relations record.

**i) Material Financial and Commercial Transactions with related parties**

There are no materially significant financial and commercial transactions with the related parties conflicting with the interest of the Company during the financial year under review. The Promoters and the Directors are not dealing in the Equity Shares of the Company.

**7. CORPORATE GOVERNANCE:**

Your Company has implemented all the mandatory requirements pursuant to Clause 49 (as amended) of the Listing Agreement. A detailed report on Corporate Governance along with a certificate from the Auditors confirming the compliance is annexed hereto and forms part of the Directors' Report as Annexure-III.

**8. CORPORATE SOCIAL RESPONSIBILITY:**

As a socially responsible Company, your Company has a strong sense of community responsibility.

As its operations have expanded, your Company has retained a collective focus on the various areas of corporate sustainability that impact people, environment and the society at large. Founded on the philosophy that society is not just another stakeholder in its business, but the prime purpose of it, the Company, across its various operations is committed to making a positive contribution.

As a policy, your Company promotes and encourages economic, social and educational development within its communities while providing active support to local initiatives for upliftment of society in general.

**9. DIRECTORS:**

Your Directors regret to inform about the sad and sudden demise of Dr. N. S Datar on 21<sup>st</sup> December, 2011. Your Directors wish to take this opportunity to express their gratitude and sincere appreciation to Dr. N. S. Datar for his immense & invaluable contribution to the Company during his tenure of 25 years as Director on the Board since inception of the Company.

IDBI Bank has withdrawn the nomination of Smt. Lalita Sharma as their Nominee Director from the Board with effect from 13<sup>th</sup> August, 2011 as all the outstanding dues together with the interest have been re-paid by the Company. Your Directors wish to take this opportunity to place on record their sincere appreciation and thanks to Smt. Lalita Sharma for her valuable guidance and support to the Company during her tenure as Director on the Board.

Shri O. P. Gahrotra has joined the Board of your Company with effect from 21<sup>st</sup> January, 2012 as an Additional Director of the Company. With his

induction on the Board of Directors, your Company will be immensely benefited by his vast and diverse experience of more than 40 years. His brief profile is given in Report of Corporate Governance attached hereto.

Shri Rajinder Miglani and Shri P. G. Kakodkar retire by rotation and being eligible have offered themselves for re-appointment. The Board of Directors recommends their re-appointment.

**10. PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956:**

The Information required under Section 217(2A) of the Companies Act, 1956 and the Rules there under, in respect of the employees of the Company, is provided in the Annexure – II.

**11. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

- i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed.
- ii) Appropriate Accounting Policies have been selected and applied consistently. Judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2012 and of the Profit and Loss Account for the Financial Year 2011-2012 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.

**12. AUDITORS' REPORT:**

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

**13. STATUTORY AUDITOR:**

M/s. Prakkash 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. Prakkash Muni & Associates, Chartered Accountants as Auditor of the Company is being sought at the ensuing Annual General Meeting. Your Board recommends the appointment of M/s. Prakkash Muni & Associates, Chartered Accountant as Auditor of the Company.

**14. COST AUDITOR:**

As per the General Circular No. 15/2011 dated 11<sup>th</sup> April, 2011 and Order no. 52/26/CAB-2010 dated 3<sup>rd</sup> May, 2011 and modified Order dated 30<sup>th</sup> June, 2011 issued by Ministry of the Corporate Affairs, it has become mandatory to appoint Cost Auditor for conducting the cost audit of the Company.

M/s. S. K. Agrawal & Associates, Cost Accountant (Membership No. 7880) has been appointed as Cost Auditor of the Company to audit the cost accounts for the year ended 31<sup>st</sup> March, 2012. Cost accounting records for the year ended 31<sup>st</sup> March, 2012 were maintained as per the Companies (Cost Audit Report) Rules, 2011. The Cost Auditor shall submit the report along with their observations and suggestions, and Annexure to the Central Government within stipulated time period.

**15. FIXED DEPOSITS:**

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

**16. INSURANCE:**

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

**17. 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 2012-2013 to BSE and NSE.

**18. DEMAT OF SECURITIES:**

Nearly 95.68% of total Equity Share Capital is held in dematerialized form with NSDL/CDSL. The Secured, Redeemable, Non-Convertible Debentures are entirely held in Dematerialized Form.

**19. SUBSIDIARY & JOINT VENTURE COMPANIES:**

There are four wholly-owned Subsidiary Companies of the Company namely (I) Uttam Galva Holdings Limited in Dubai, (II) Atlantis International Services Limited in British Virgin Islands, (III) Uttam Galva

Steels Netherlands BV in Netherland and (IV) Neelraj International Trade Limited in British Virgin Island. 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.

As per the terms of the General Circular no. 2/2011 of Ministry of Corporate Affairs, a statement containing brief financial information for the Financial Year ended 31<sup>st</sup> March, 2012 of the aforesaid Subsidiaries are included in the Annual Report. 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 2011-2012 are being published pursuant to Clause 32 of the Listing Agreement.

**20. 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.

**21. 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**

**Rajinder Miglani**  
*Chairman*

Place : Mumbai  
Date : 9<sup>th</sup> May, 2012

## ANNEXURE TO THE DIRECTORS' REPORT

### ANNEXURE – I

Information pursuant to Section 217(1)(e) of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2012

PARTICULARS	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
<b>A. Power &amp; Fuel Consumption</b>		
<b>1 A Electricity ( CPP Plus Purchase )</b>		
a. CGL Unit		
Unit(KWH)	35559046	52634718
Total amount(₹ in Crores)	21.85	31.56
Rate/Unit (₹)	6.14	6.00
b. CRM Unit		
Unit(KWH)	112611692	118158905
Total amount(₹ in Crores)	63.19	70.78
Rate/Unit (₹)	5.61	5.99
c. CCL Unit		
Unit(KWH)	6053461	5503304
Total amount(₹ in Crores)	3.72	3.30
Rate/Unit (₹)	6.15	5.99
d. Electricity (Purchased)		
PRC Unit		
Unit(KWH)	18411253	
Total amount(₹ in Crores)	13.14	
Rate/Unit (₹)	7.14	
<b>1 B Electricity (D.G. Set)</b>		
Unit(KWH)	121389	147025
Total amount(₹ in Crores)	0.23	0.28
Rate/Unit (₹)	19.20	18.72
<b>2 Furnace Oil / Heating oil</b>		
Qty (KL)	0.00	743.74
Total amount (₹ in Crores)		2.36
Avg. Rate ( Per KL ₹)		31732
<b>3 Others</b>		
a. HSD/LDO		
Qty (KL)	366.29	2013.57
Total amount (₹ in Crores)	1.61	7.37
Avg. Rate ( Per Litre ₹)	44.04	36.60
b. LPG / RLNG		
Qty (MT)	17942.21	12467.77
Total amount (₹ in Crores)	45.67	36.00
Avg. Rate (Per MT ₹)	25.45	28.87
<b>B. Consumption per unit of Production</b>		
Product:		
a. Galvanised Plain/Corrugated		
Sheets/Coils(MT)	571953	561498
Electricity(KWH)	94.57	94.00
HSD/LDO(KL)	0.00	0.00
LPG /RLNG Propane Gas (MT)	0.03	0.02
b. Cold Rolled		
Sheets/Coils(MT)	613649	693713
Electricity(KWH)	183.51	170.33
HSD/LDO(KL)	0.00	0.00
LPG, RLNG (MT)	0.03	0.02
c. Color coated		
Sheets/Coils(MT)	70332	77617
Electricity(KWH)	86.07	70.90
HSD/LDO(KL)	0.01	0.04
LPG/RLNG(MT)	0.26	0.16
<b>C. Technology Absorption:</b>		
The Company has fully absorbed the technology.		
<b>D. Foreign Exchange Earnings &amp; Outgo:</b>		
<b>Earnings (FOB Value)</b>	(₹. in Crores)	(₹. in Crores)
Exports	1261.17	1553.53
<b>Outgo( Cost &amp; CIF Value)</b>		
1. Raw Material Imported	1924.95	2408.71
2. Import of Plant & Machinery	39.01	27.37
3. Import of Stores & Spares	5.63	3.52
4. Interest Cost	13.84	23.24
5. Legal, Professional & Consultancy Fee	0.59	1.34
6. Commission	1.60	6.60
7. International Freight	29.25	21.01
8. Travelling Expenses	0.55	0.43
9. Others	0.04	0.07



## 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 31<sup>ST</sup> MARCH, 2012

#### 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	66	Executive Chairman	1.11	Graduate	46	30.12.1988	N.A	13,91,855 (1.14)
Shri Anuj R Miglani	38	Managing Director	1.15	Mechanical Engineer from Imperial College, London	17	01.02.1995	N.A	13,02,094 (1.07)
Shri Ankit Miglani	33	Dy. Managing Director	1.15	Graduate in Economics from Wharton School, U.S.A.	10	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 R Miglani – Managing Director and Shri Ankit Miglani – Dy. Managing Director of the Company.
4. Shri Anuj R 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 R 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 31<sup>st</sup> March, 2012 your Company’s Board comprises of 10 Directors with considerable experience in their respective fields. Of these 5 are Non - Executive 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/ Nominee	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	6	-	-	-
2.	Shri S P Talwar	Independent	11	-	8	4
3.	Shri P G Kakodkar	Independent	7	1	5	2
4.	O P Gahrotra	Independent	3	-	-	-
5.	Shri S T Parikh	Independent	-	-	-	-
6.	Smt. Swarna Prabha Sukumar	Independent (Nominee of LIC)	-	-	-	-
7.	Shri Anuj R Miglani	Managing Director	10	-	-	-
8.	Shri Ankit Miglani	Dy. Managing Director	8	-	-	-
9.	Shri A. K. Mahendru	Director (Commercial)	-	-	-	-
10.	Shri S.G. Tudekar	Director (Works)	-	-	-	-

**ii. Attendance of each Director at the Board Meeting during the Financial Year 2011-2012 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 S. P. Talwar	1	No
3	Shri P.G.Kakodkar	2	No
4	Shri S.T.Parikh	4	Yes
5	Dr. N.S.Datar	3	Yes
6	Smt. Lalita Sharma	2	No
7	Smt. Swarna Prabha Sukumar	4	Yes
8	Shri Anuj R Miglani	3	Yes
9	Shri Ankit Miglani	4	Yes
10	Shri A. K. Mahendru	3	Yes
11	Shri S.G.Tudekar	4	Yes

**iii. The Board of Directors during the Financial Year 2011-2012 had Four Meetings which are as follows:**

- 1) 30.05.2011    2) 30.07.2011    3) 21.10.2011    4) 21.01.2012



### 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 read with Section 292A of the Companies Act, 1956, includes overseeing the Company's financial reporting process, reviewing with the management the financial statements and the adequacy of the internal audit function, internal contract and to discuss significant internal audit findings, statutory compliance and issues related to risk management and compliances.

#### ii. Composition, Name of Members & Chairperson:-

a. Composition of Audit Committee till 20<sup>th</sup> December, 2011 was as follows:

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

The Audit Committee was reconstituted during the year at the meeting held on 21<sup>st</sup> January, 2012 due to sad demise of Dr. N S Datar on 21<sup>st</sup> December, 2011 who was acting as the Chairman of the Committee.

b. Currently the composition of the Committee is as follows:

1. Shri S. T. Parikh      2. Shri P. G. Kakodkar      3. Shri. O P Gahrotra

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. Shri S. T. Parikh 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 Cost Auditors appointed by the Company u/s 233B of the Companies Act, 1956 attends the Audit Committee Meeting whenever Cost Audit Report is discussed.

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.

#### iii. Meetings and attendance during the year: –

**The Audit Committee during the Financial Year 2011 – 2012 had the following meetings:-**

- 1) 30.05.2011      2) 30.07.2011      3) 21.10.2011      4) 21.01.2012

#### iv. During the period 01.04.2011 to 31.03.2012, 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 Directors	No. of Meetings attended
1.	Dr. N.S. Datar	3
2.	Shri P. G. Kakodkar	4
3.	Shri S. T. Parikh	4

Dr. N. S. Datar, Ex 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 Five Subsidiary Companies incorporated Abroad ( Including one downstream wholly owned Subsidiary ).

### 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 and any compensation payments and also to approve payment of remuneration to Managing or Whole Time Directors.

#### ii. Composition, Name of Members & Chairperson:-

a. Composition of Remuneration Committee till 20<sup>th</sup> December, 2011 was as follows:

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

The Remuneration Committee was reconstituted on the meeting held on 21<sup>st</sup> January, 2012 due to withdrawal of the Nominee Director Smt. Lalita Sharma by IDBI and sad and sudden demise of Dr. N S Datar on 21<sup>st</sup> December, 2011, who was acting as the Chairman of the Committee.

b. Currently the Composition of the Committee is as follows:

1. Shri S. T. Parikh      2. Shri. P G Kakodkar      3. Smt. Swarna Prabha Sukumar

All the members of the Remuneration Committee are Non-Executive Independent Directors and Shri S. T. Parikh is the Chairman.

**iii. Attendance during the Year: –**

During the period 01.04.2011 to 31.03.2012, the Remuneration Committee met on 30<sup>th</sup> July, 2011 and 21<sup>st</sup> October, 2011 and the attendance of the members at the said meeting are detailed below: –

Sr. No.	Name of Directors	No. of Meetings attended
1.	Dr. N. S. Datar	2
2.	Shri S. T. Parikh	2
3.	Smt. Lalita Sharma	1

**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, Committee of Directors and Shareholders / Investors Grievance Committee. Save and except the following, there are no pecuniary relationship or transactions of the Non - Executive Directors viz-a-viz the Company.

Sr. No.	Name of Directors	Sitting Fees (₹)	Equity Shares held in the Company
1.	Shri S. P. Talwar	10,000	NIL
2.	Shri P. G. Kakodkar	40,000	NIL
3.	Shri S. T. Parikh	1,04,000	53300
4.	Dr. N. S. Datar	51,000	3600
5.	Smt. Lalita Sharma	25,000	NIL
6.	Smt. Swarna Prabha Sukumar	50,000	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	1.11
2.	Shri Anuj R Miglani	Managing Director	1.15
3.	Shri Ankit Miglani	Dy. Managing Director	1.15
4.	Shri A. K. Mahendru	Director (Commercial)	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 Shri O P Gahrotra was appointed as an Additional Director with effect from 21<sup>st</sup> January, 2012. Shri Ankit Miglani was re - appointed as the Dy. Managing Director of the Company for the period of three years, from 29<sup>th</sup> July, 2011 to 28<sup>th</sup> July, 2014.

Shri A K Mahendru was re-appointed as the Director (Commercial) for the further period of three years, commencing from 28<sup>th</sup> October, 2011 to 27<sup>th</sup> October, 2014.

Shri S G Tudekar was re-appointed as the Director (Works) for the further period of three years, commencing from 28<sup>th</sup> October, 2011 to 27<sup>th</sup> October, 2014.

Dr. Narayan S. Datar, Director of the Company passed away on 21<sup>st</sup> December, 2011.

IDBI Bank has withdrawn the Nomination of Smt. Lalita Sharma from the Board with effect from 13<sup>th</sup> August, 2011 as all the outstanding dues together with the interest have been re-paid by the Company.

**b Re-appointment of Directors:**

Shri Rajinder Miglani and Shri P G Kakodkar retires by rotation and being eligible have offered themselves for re-appointment. The Board of Directors recommends their re-appointment.

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 Rajinder Miglani	He is an Industrialist and joined the Board as the Promoter Director on 30.12.1988. He is a graduate and having more than 46 years of experience in the Steel Industry.	Industrialist	<ul style="list-style-type: none"> <li>o Shree Uttam Steel and Power Limited</li> <li>o Uttam Galva Metallics Limited</li> <li>o Uttam Distribution Network Limited</li> <li>o Uttam Metallics and Steels Limited</li> <li>o Uttam Galva Ferrous Limited</li> <li>o Vibrant Realty And Infrastructure Limited</li> </ul>	1391855
Shri P G Kakodkar	He is a M.A. (Economics) and having more than 45 years of experience in Banking Sector. He is a retired Chairman of State Bank Of India. He joined the Board on 10 <sup>th</sup> September, 1999.	Banking & Finance	<ul style="list-style-type: none"> <li>o Goa Carbon Ltd.</li> <li>o Sesa Industries Ltd.</li> <li>o Fomento Resorts and Hotels Limited</li> <li>o Financial Technologies (India) Ltd.</li> <li>o Accounts Receivables Management Services (India) Ltd.</li> <li>o Apian Finance And Investment Ltd.</li> <li>o Multi Commodity Exchange Of India Limited</li> </ul>	Nil
Shri O P Gahrotra	He is a member of the Indian Administrative Service (IAS). He belongs to the 1969 batch of Maharashtra Cadre of Service. He retired as an Additional Chief Secretary to the Government of Maharashtra. He has worked as Senior Executive Director of Securities and Exchange Board of India (SEBI) and was a SEBI Nominee on the Board of Directors of the NSE.  Shri O P Gahrotra has joined the Board with effect from 21 <sup>st</sup> January, 2012 as an Additional Director of the Company. He is having more than 40 years of experience in Financial Sector.	Finance	<ul style="list-style-type: none"> <li>o Trimax IT Infrastructure &amp; Services Limited</li> <li>o Kalpataru Limited</li> <li>o Thdc India Limited</li> </ul>	Nil

**6. SHAREHOLDERS' COMMITTEE****i. Name of Non-Executive Director Heading the Committee:**

Shri S T Parikh, 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 Independent Directors as its members: –

1. Shri S T Parikh
2. Shri A K Mahendru

During the Financial Year 2011-2012, the Committee had two meetings i.e. on 21.10.2011 and 21.01.2012.

**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 2011-2012, the Company has received 8 complaints.

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

Nil

**v. Number of pending Complaints:**

Nil

# Uttam Galva Steels Limited

## 7. EQUITY SHARES IN THE SUSPENSE ACCOUNT:

In terms of Clause 5A(i) of the Listing Agreement, the Company reports that there are no Equity Shares lying in the suspense account.

## 8. GENERAL BODY MEETINGS:

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

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

Year	Day, Date and Time	Location
2008-2009	24 <sup>th</sup> AGM held on Saturday, the 26 <sup>th</sup> September, 2009 at 11:00 a.m.	M C Ghia Hall, 18/20, K Dubhash Marg, Mumbai 400 001.
2009-2010	25 <sup>th</sup> AGM held on Saturday, the 18 <sup>th</sup> September, 2010 at 11:00 a.m.	M C Ghia Hall, 18/20, K Dubhash Marg, Mumbai 400 001.
2010-2011	26 <sup>th</sup> AGM held on Saturday, the 20 <sup>th</sup> August, 2011 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: Four

Year	Special Resolution	Particulars
2008-2009	1) Re-appointment of Shri S. G. Tudekar, Director (Works).	For a period of Three Years w. e. f. 28 <sup>th</sup> 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.
2010-11	Nil	Nil

### iii. Special Resolution passed last year through Postal Ballot:

Nil

### iv. Person who conducted the Postal Ballot exercise:

N.A.

### v. Special Resolution proposed to be conducted through Postal Ballot:

None

### vi. Procedure for Postal Ballot:

N.A.

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

## 9. DISCLOSURES

### i. DISCLOSURE OF ACCOUNTING TREATMENT

In the preparation of Financial Statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountant of India (ICAI).

### ii. DISCLOSURE ON RISK MANAGEMENT

The Company has laid down procedures to inform the Board of Directors about the Risk Assessment and Minimisation Procedure. These procedures are periodically reviewed by the Board to ensure that Executive Management controls risk through means of properly defined framework.

### iii. DISCLOSURE ON RELATED PARTY TRANSACTIONS

There were no materially significant related party transactions during the year having potential conflict with the interest of the Company at large. Critical risk management framework have been put in place across the Company. The Company is continuously evolving and improving systems and measures to take care of all the risk exigencies involved in the business.

### iv. DISCLOSURE ON REQUIREMENTS OF THE LISTING AGREEMENT

The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any other statutory authority on matters relating to capital markets during last three years.

### v. It is confirmed that no personnel has been denied access to the Audit Committee.



## 10. MEANS OF COMMUNICATION

### i. Quarterly Results:

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.

### ii. Newspapers wherein results normally published:

Un-audited and Audited Financial Results are published in Free Press Journal (English) having all India coverage and Navshakti (Marathi) local newspaper.

### iii. Website:

Name of the Company's Website where the results are displayed is [www.uttamgalva.com](http://www.uttamgalva.com).

### iv. Official News Releases:

The Company displays official news releases as and when the situation arises.

### v. Presentations:

The Company makes presentation to institutional investors or the analysts when found appropriate.

### vi. Email Id: [shares@uttamgalva.com](mailto:shares@uttamgalva.com)

## 11. GENERAL SHAREHOLDERS' INFORMATION

### i. Annual General Meeting

Date, Time and Venue : 21<sup>st</sup> July, 2012, Saturday at 11.a.m at M. C. Ghia Hall, 18/20, K Dubhash Marg, Mumbai - 400 001

### ii. Financial Year : 2011 - 2012

### iii. Date of Book Closure : 17<sup>th</sup> July, 2012 to 21<sup>st</sup> July, 2012 ( 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).

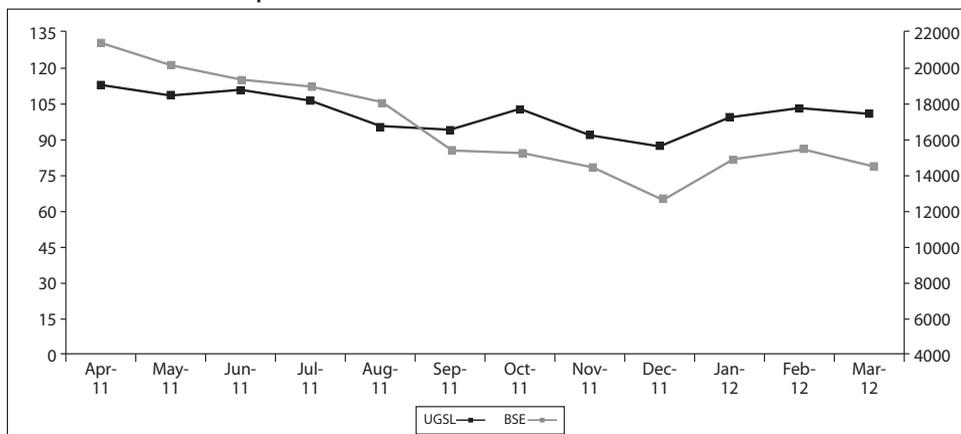
### vi. Stock Code:

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 <sup>th</sup> 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 2011-2012:

Month	Quotation at Bombay Stock Exchange		Quotation at National Stock Exchange	
	HIGH	LOW	HIGH	LOW
April 2011	129.50	112.25	130.55	112.25
May 2011	121.40	106.00	121.95	105.55
June 2011	115.50	98.10	115.50	99.15
July 2011	113.60	101.10	111.65	102.00
August 2011	105.00	71.00	104.50	70.00
September 2011	84.95	70.05	84.75	70.10
October 2011	83.90	66.00	83.85	65.55
November 2011	78.00	55.75	81.00	56.15
December 2011	64.50	48.00	64.70	48.10
January 2012	81.35	49.50	81.40	51.35
February 2012	85.40	68.20	87.00	68.55
March 2012	78.35	65.00	78.40	64.40

## viii. Performance in comparison to BSE Sensex



## 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.

**Tel. No.:** 28207203/05

**E-mail:** info@uniseq.in

## x. Share transfer system :

Shares sent for transfer in physical form are registered and returned by our Registrars and Share Transfer Agent in approximately 20 to 25 days of receipt of the documents, provided documents received are found in order. 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 31<sup>st</sup> March, 2012 is given here below:

Sr. No.	Nominal Value of Shares (₹)	No. of Shareholders	No. of Shares	Percentage (%) of Shareholding
1	UPTO – 5,000	26390	3864834	3.161
2	5,001 – 10,000	1815	1504871	1.231
3	10,001 – 20,000	703	1091513	0.893
4	20,001 – 30,000	210	541939	0.443
5	30,001 – 40,000	98	353161	0.289
6	40,001 – 50,000	72	342763	0.280
7	50,001 – 1,00,000	130	970915	0.794
8	1,00,001 ABOVE	142	113590107	92.909
	<b>TOTAL</b>	<b>29560</b>	<b>122260103</b>	<b>100.00</b>

## xii. Dematerialization of Shares and Liquidity:

Nearly 95.68% 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](mailto:shares@uttamgalva.com)

**Website :** [www.uttamgalva.com](http://www.uttamgalva.com)

**xvi. Code of Conduct:**

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company which is posted on the website of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code on an annual basis. A declaration to this effect signed by the Managing Director forms part of this Report.

**xvii. Auditors' 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. Mandatory / Non Mandatory Requirements:**

During the Financial Year ended 31<sup>st</sup> March, 2012, the Company has duly complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company will implement other non mandatory requirements as mentioned in Clause 49 of the Listing Agreement at the appropriate time.

**xix. Shareholding Pattern:**

Pattern of equity shares as on 31<sup>st</sup> March, 2012 is given here below:

Category	No. of Shares Held	% of holding
<b>A. Promoter's Holding</b>		
1. Promoters		
- Indian Promoters	45266220	37.02
- Foreign Promoters	41327931	33.80
2. Persons acting in concert	0	0
<b>Sub-Total (A)</b>	<b>86594151</b>	<b>70.83</b>
<b>B. Non-Promoters Holding</b>		
1. Institutional Investors		
a. Mutual Funds and UTI	74650	0.06
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non Govt. Inst.)	14725	0.01
c. FIs	18947155	15.50
<b>Sub-Total (B) (1)</b>	<b>19036530</b>	<b>15.57</b>
2. Others		
a. Bodies Corporate	2218174	1.81
b. Indian Public	9920000	8.11
c. NRIs/OCBs	4208255	3.44
d. Others	282993	0.23
<b>Sub-Total (B) (2)</b>	<b>16629422</b>	<b>13.60</b>
<b>C. Shares held by Custodians and against which Depository Receipts have been issued</b>	<b>00</b>	<b>00</b>
<b>GRAND TOTAL</b>	<b>122260103</b>	<b>100.00</b>

**DECLARATION**

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

I, Anuj R Miglani, 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**

**Anuj R Miglani**  
*Managing Director*

Place : Mumbai  
Date : 9<sup>th</sup> May, 2012

**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 31<sup>st</sup> March, 2012, 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.

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  
Date : 9<sup>th</sup> May, 2012

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



## AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of **UTTAM GALVA STEELS LIMITED** as at 31<sup>st</sup> March, 2012 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. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' 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, We 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 31<sup>st</sup> March, 2012, and taken on record by the Board of Directors, We report that none of the directors is disqualified as on 31<sup>st</sup> March, 2012 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 our comments in the Annexure referred to in paragraph 3 & 4 above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our 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 our 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 our opinion and to the best of our information and according to the explanations given to us, 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 31<sup>st</sup> March, 2012;
    - 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

**Prakash R. Muni**  
*Partner*  
Membership No.: 30544

Place : Mumbai  
Date : 9<sup>th</sup> May, 2012

## 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 us, 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 our opinion, is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanation given to us no material discrepancies were noticed on such verification. The company is yet to formulate a verification programme on assets such as furniture, computers etc.
  - c) During the year the Company has not disposed of any part of the plant and machinery, disposal of fixed assets does not constitute a substantial part of the Company's fixed assets.
2. In respect of its inventories:
  - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification and inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book records were not material and the difference found between physical and book records are adjusted appropriately.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:
  - a) The Company has given loans to a wholly owned subsidiary of the Company. In respect of the said loans, the maximum amount outstanding at any time during the year is ₹ 26.74 crore and the year-end balance is ₹ 26.74 crore.
  - b) In our opinion and according to the information and explanations given to us, the rate of interest, where applicable and other terms and conditions, are not prima facie prejudicial to the interest of the Company.
- (c) The principal amounts are repayable on demand and there is no repayment schedule. The interest, where applicable, is payable on demand.
- (d) In respect of the said loans, the same are repayable on demand and therefore the question of overdue amounts does not arise. In respect of interest, where applicable, there are no overdue amounts.
- (e) The Company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, the Company's internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
  - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the Register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of Contracts / arrangements entered in Register maintained under section 301 Companies Act, 1956 and exceeding ₹ 5,00,000 in respect of each party during the year have been made at prices which appear reasonable having regard to the prevailing market price at the relevant time as per information available with the Company.
6. The Company has not accepted any deposits from the public to which the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 apply. Therefore, the provisions of clause (vi) of the paragraph 4 of the order are not applicable to the Company.
7. In our opinion and according to information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.



8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
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 us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2012 for a period of more than six months from the date of becoming payable.
  - The disputed statutory dues aggregating to ₹ 1.35 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 losses during the financial year covered by our audit and the preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, the Company has not defaulted in the repayment of its dues to a Financial Institutions, Banks and Debenture Holders.
12. According to the information and explanations given to us, 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 our opinion and according to the information and explanations given to us, 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 us, 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 us 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 us, 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 our audit report, the Company has not raised any money by public issues.
21. To the best of our knowledge and belief and according to the information and explanations given to us, 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

**Prakash R. Muni**  
Partner  
Membership No.: 30544

Place : Mumbai  
Date : 9<sup>th</sup> May, 2012

### 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	64,84,307	Dec 07 to June 08	Central Excise and Service Tax Appellate Tribunal
5	Excise Duty	30,82,563	Dec 07 to June 08	Central Excise and Service Tax Appellate Tribunal
6	Excise Duty	1,09,107	July 10	Commissioner Appeals

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

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012**

(₹ in Crores)

Particulars		Note No.	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' Funds</b>			
	(a) Share Capital	1	122.26	122.26
	(b) Reserves and Surplus	2	902.75	824.79
			<b>1025.01</b>	947.05
<b>2</b>	<b>Non Current Liabilities</b>			
	(a) Long Term Borrowings	3	1971.06	1761.95
	(b) Deferred Tax Liabilities	4	121.70	86.92
	(c) Other Long Term Liabilities	5	347.48	–
	(d) Long Term Provisions	6	11.55	11.41
			<b>2451.79</b>	1860.28
<b>3</b>	<b>Current Liabilities</b>			
	(a) Short Term Borrowings	7	45.35	257.39
	(b) Trade Payables	8	1426.66	1728.97
	(c) Other Current Liabilities	9	873.46	615.50
	(d) Short Term Provisions	10	13.74	(7.38)
			<b>2359.21</b>	2594.48
	<b>TOTAL</b>		<b>5836.01</b>	5401.81
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non Current Assets</b>			
	(a) Fixed Assets			
	(i) Tangible Assets	11	2898.74	1819.34
	(ii) Capital Work-in-Progress		378.69	967.49
			<b>3277.43</b>	2786.83
	(b) Non Current Investments	12	12.02	8.89
	(c) Long Term Loans and Advances	13	87.16	68.04
	(d) Other Non Current Assets	14	23.89	22.00
			<b>3400.50</b>	2885.76
<b>2</b>	<b>Current Assets</b>			
	(a) Inventories	15	1085.14	1365.98
	(b) Trade Receivables	16	557.84	723.60
	(c) Cash and Cash Equivalents	17	131.26	67.59
	(d) Short Term Loans and Advances	18	661.27	358.88
			<b>2435.51</b>	2516.05
	<b>TOTAL</b>		<b>5836.01</b>	5401.81
<b>Significant Accounting Policies &amp; Notes on Financial Statements</b>		1 to 24		

As per our Report of even date

For and on behalf of the Board of Directors

For **Prakash Muni & Associates**

Chartered Accountants

Firm Registration No 111792 W

**Rajinder Miglani**

Chairman

**Anuj R Miglani**

Managing Director

**Prakash R. Muni**

Partner

Membership No 30544

**Gursharan S Sawhney**

Director (Finance) & Group CFO

**R Agrawal**

Sr. Vice President & Company Secretary

Place : Mumbai

Date : 9<sup>th</sup> May, 2012



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(₹ in Crores)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>CONTINUING OPERATIONS</b>			
Revenue from Operations (Gross)	19	5475.38	5329.84
Less: Excise Duty		303.78	289.03
<b>Revenue from Operations (Net)</b>		<b>5171.60</b>	<b>5040.81</b>
<b>Expenses</b>			
(a) Cost of Materials Consumed	20.A	3177.22	3107.63
(b) Purchase of Traded Goods	20.B	620.80	1351.57
(c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20.C	312.82	(342.35)
(d) Employee Benefits Expense	21	67.50	61.80
(e) Other Expenses	22	487.32	420.90
<b>TOTAL EXPENSES</b>		<b>4665.66</b>	<b>4599.55</b>
<b>Earning before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>		<b>505.94</b>	<b>441.26</b>
Finance Cost	23	245.21	212.24
Depreciation	11	127.37	119.41
Other Income	24	7.64	3.93
<b>Profit Before Tax (PBT)</b>		<b>141.00</b>	<b>113.54</b>
<b>Tax Expense:</b>			
Current Income Tax (MAT)		28.21	21.54
Wealth Tax		0.05	0.05
Net Current Tax		28.26	21.60
Deferred Income Tax		34.78	15.17
<b>TOTAL TAX EXPENSE</b>		<b>63.04</b>	<b>36.77</b>
<b>Profit for the Year After Tax (PAT)</b>		<b>77.96</b>	<b>76.77</b>
<b>Earnings Per Share (EPS)</b>			
Basic & Diluted		6.38	6.28
<b>Significant Accounting Policies &amp; Notes on Financial Statements</b>	1 to 24		

As per our Report of even date

For and on behalf of the Board of Directors

For **Prakash Muni & Associates**

*Chartered Accountants*

Firm Registration No 111792 W

**Rajinder Miglani**

*Chairman*

**Anuj R Miglani**

*Managing Director*

**Prakash R. Muni**

*Partner*

Membership No 30544

**Gursharan S Sawhney**

*Director (Finance) & Group CFO*

**R Agrawal**

*Sr. Vice President & Company Secretary*

Place : Mumbai

Date : 9<sup>th</sup> May, 2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

(₹ in Crores)

PARTICULARS		As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) Before Tax and Extraordinary Items	141.00	113.53
	Provision for Doubtful Debts	(0.31)	0.00
	Adjustments for Depreciation	127.37	119.41
	(Profit) / Loss on Sale of Assets	0.19	0.07
	Interest Income	(2.53)	(3.34)
	Interest & Financial Charges	245.21	212.24
	<b>Operating Profit Before Working Capital Changes</b>	<b>510.93</b>	<b>441.91</b>
	Adjustments for :		
	(Increase)/Decrease in Trade and other Receivables	(148.90)	(338.21)
	(Increase)/Decrease in Inventories	280.84	(716.61)
	Increase/(Decrease) in Trade Payables and Other Liabilities	40.83	1135.66
	Cash Generated from Operations	683.69	522.75
	Direct Taxes Paid (Net of Refunds)	(17.10)	(33.10)
	<b>Cash Flow from Operating Activities</b>	<b>666.59</b>	<b>489.66</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
	Purchase of Fixed Assets	(618.55)	(401.51)
	Sale of Fixed Assets	0.38	0.00
	Purchase of Investments / Investments in Subsidiaries	(3.12)	(0.87)
	Interest/Dividend Received	2.53	3.34
	<b>Net Cash Used in Investing Activities</b>	<b>(618.75)</b>	<b>(399.04)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
	Securities Premium Received	0.00	(21.39)
	Redemption / Conversion of FCCB	0.00	(68.37)
	Proceeds from Long Term Borrowings	1050.00	1139.58
	Repayments of Long Term Borrowings	(788.36)	(816.23)
	Interest & Financial Charges Paid	(236.68)	(173.62)
	Gain / (Loss) on Forward Contracts	(8.53)	(38.62)
	Proceeds/(Repayments) of Deferred Sales Tax Loan/ICD/Unsecured Loans	(0.60)	(200.60)
	<b>Net Cash Generated from Financing Activities</b>	<b>15.83</b>	<b>(179.25)</b>
	<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>63.67</b>	<b>(88.64)</b>
	Cash & Cash Equivalents (Opening)	67.59	156.23
	Cash & Cash Equivalents (Closing)	131.26	67.59

**Notes :**

- 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.
- 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.
- Cash and Cash Equivalents represent Cash & Bank balances and bank deposits only.

As per our Report of even date

For and on behalf of the Board of Directors

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

**Rajinder Miglani**  
Chairman

**Anuj R Miglani**  
Managing Director

**Prakkash R. Muni**  
Partner  
Membership No 30544

**Gursharan S Sawhney**  
Director (Finance) & Group CFO

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

Place : Mumbai  
Date : 9<sup>th</sup> May, 2012



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS:

### CORPORATE INFORMATION

The Company is promoted by Miglani Family initially in the year 1985 and ArcelorMittal has joined as a Co-Promoter in the year 2009-10.

The Company is in the business of manufacturing of intermediate Steel products i.e Cold Rolled Steel (CR) and Galvanised Products comprising of Galvanised Plain (GP), Galvanised Corrugated (GC) and Colour Coated Products (CCP) Coils and Sheets situated at Khopoli, Mumbai Western part of India. The Company is in the business of procuring Hot Rolled Steel (HR) and processing it in to CR and further into GP and PPGI. Its current facilities are mainly in thicker and thinner guage material. The CR not used for galvanizing is converted to value added grades in Cold Rolled Closed Annealed (CRCA) coils, Cut to Length (CTL) Sheets and also sold as Full Hard CR in Domestic and Overseas market. The market segment for value added grades include Appliance, General Engineering, Automative, Construction, Packaging, Sandwich Panels and Others.

The Registered Office of the company is situated at Uttam House, 69 P D'Mello Road, Carnac Bunder, Mumbai.

### 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 dispatched to the customer or when delivered to the ocean carrier for export sales, which is when the 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 thereto, are considered as finance cost.

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

- (i) Pursuant to the Reschedule / Realignment Scheme, interest payable during 2000-2009 financial years is lower than the average interest rate during 2000-2014 financial years. The company is treating interest payable (yearly rate) as interest accrued.
- (ii) On reschedulement and realignment of term debts, financial cost incurred is treated as accrued on date of realignment of realigned term debts and provided in the relevant financial year.

### 1.04 Employee Benefits:

#### (a) Short Term Employee Benefits

All employee benefits payable / available within 12 months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, bonus etc, are recognized in the P&L account in the period in which the employee renders the related services.

#### (b) Long Term Employee Benefits

- (i) The Company has taken Group Gratuity Policy with the Life Insurance Corporation of India (LIC) for future payment of Gratuities. Any deficit in Plan Assets managed by LIC and as compared to the Actuarial Liability is recognized as a liability immediately.
- (ii) Leave Encashment benefit accrued at the year end.

### 1.05 The Treatment of Expenditure during Construction Period:

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

### 1.06 Fixed Assets and Depreciation:

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



### 1.06 Impairment of Assets:

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

### 1.07 Investment:

The Company does not provide for temporary diminution in value of long term investments, if any, 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) Arising's - 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, 1957.

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 (EPS):

The Company reports basic and diluted earning per share in accordance with AS-20 'Earning per Share' issued by the Institute of Chartered Accountants of India (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 ICAI. The Company recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.
- (b) No provision is recognised for:
  - (i) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
  - (ii) Any present obligation that arises from past events but is not recognised because:
    - (1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- (2) A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

- (iii) Contingent Assets are not recognised in the financial statements as this may result in the recognition of income that may never be realised.

## **1.12 Export entitlements / obligations:**

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

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

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

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

- 1.15** Cold Rolled (C.R.) Coils Production excludes C.R. baby coils produced.

## **1.16 Customs Duty:**

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

## **1.17 Central Excise Duty and Service Tax:**

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

## **1.18 Commodity Hedging Transactions:**

In respect of commodity hedging transactions, the gain / (loss) on settlement and provisions for gain / (loss) at year end are appropriately accounted along with material cost in Profit and Loss Account.

- 1.19** Inter Unit transactions are eliminated to the extent possible.



## NOTE 1 SHARE CAPITAL

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(a) Authorised Share Capital</b> 17,50,00,000 (17,50,00,000) Equity Shares of ₹ 10/- each	<b>175.00</b>	175.00
	<b>175.00</b>	175.00
<b>(b) Issued, Subscribed and Paid up Equity Share Capital</b> 12,22,60,103 (12,22,60,103) Equity Shares of ₹ 10/- each Fully paid up (Out of this 58,74,760 Equity Share have been Issued for consideration other than Cash and 2,18,57,924 Equity Share have been issued on Conversion of Global Depository Receipts )	<b>122.26</b>	122.26
<b>TOTAL - Issued, Subscribed and Paid up Equity Share Capital</b>	<b>122.26</b>	122.26

### Details of Shareholder holding more than 5% Equity Shares:

Name of Shareholders	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Number of shares held	% holding	Number of shares held	% holding
<b>Equity Shares with Voting Rights</b>				
Kredence Multi Trading Limited	14921063	12.20	14921063	12.20
Uttam Exports Private Limited	7324379	5.99	7324379	5.99
Shree Uttam Steel & Power Limited	7885600	6.45	7885600	6.45
Arcelomittal Netherlands BV	41327931	33.80	41327931	33.80
Cresta Fund Limited	12061801	9.87	12061801	9.87

## NOTE 2 RESERVES AND SURPLUS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
(a) Capital Reserve As per Last Balance Sheet	0.12	0.12
(b) Capital Redemption Reserve As per Last Balance Sheet	5.37	5.37
(c) Securities Premium Account As per Last Balance Sheet	169.16	169.16
(d) Debenture Redemption Reserve As per Last Balance Sheet Add: Transferred from Profit & Loss Account Closing Balance	25.00 12.50 37.50	12.50 12.50 25.00
(e) Capital Incentive From Government of Maharashtra As per Last Balance Sheet	0.20	0.20
(f) Profit and Loss Account As per Last Balance Sheet Add: Profit for the year Less: Appropriations Transferred to Debenture Redemption Reserve Closing Balance	624.94 77.96 12.50 690.40	566.84 70.60 12.50 624.94
<b>TOTAL - Reserves And Surplus</b>	<b>902.75</b>	824.79

# Uttam Galva Steels Limited

## NOTE 3 LONG TERM BORROWINGS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Secured</b>		
Non Convertible Redeemable Debentures	200.00	200.00
Term Loan from Banks and Financial Institutions	1769.39	1559.68
	<b>1969.39</b>	1759.68
<b>Unsecured</b>		
Other Loans (SICOM & Others)	1.67	2.27
<b>TOTAL - Long Term Borrowings</b>	<b>1971.06</b>	1761.95

- (i) Details of terms of repayment for the Secured Non Convertible Redeemable Debentures issued by the Company and security provided in respect thereof:

Particulars	Terms and conditions	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
11.25 % Non Convertible Redeemable Debentures	Redeemable in 4 half-yearly installments ending on March, 2015	200.00	200.00

- (ii) Details of terms of repayment for the Secured Long-Term Borrowings and security provided in respect thereof:

Particulars	Terms of repayment	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Secured Long Term Loans From Banks:</b>			
Axis Bank Limited, Bank of Baroda, Dena Bank, Exim Bank of India, Oriental Bank of Commerce, Punjab National Bank, Syndicate Bank, State Bank of India & State Bank of Hyderabad	Repayable in 36 quarterly installments ending on March, 2020.	1353.75	914.55
ICICI Bank Limited (ECB) (USD 15 million, Previous Year USD 25 million)	Repayable in 11 half yearly installments ending on February, 2014.	76.73	110.66
ICICI Bank Limited - I	Repayable in 8 half yearly installments ending on December, 2015.	37.50	50.00
ICICI Bank Limited - II	Repayable in 28 quarterly installments ending on December, 2019.	216.96	–
ICICI Bank Limited (OFCL) 0%	Repayable in lumpsum on March, 2015.	9.55	9.55
Nordea Bank (ECA) (USD 1.25 million, Previous Year USD 1.67 million)	Repayable in 16 half yearly installments ending on November, 2015.	6.40	7.43
Canara Bank	–	–	193.55
Vijaya Bank	–	–	190.00
<b>Total - Secured Long Term Loan From Banks</b>		<b>1700.90</b>	1475.74
<b>Secured Long Term Loans From Financial Institutions</b>			
IFCI, LIC, GIC, UII	Repayable in 5 annual installments ending on July, 2014.	7.74	11.62
IDFC	Repayable in 28 quarterly installments ending on March, 2018.	60.75	72.32
<b>Total - Secured Long Term Loan From Financial Institutions</b>		<b>68.49</b>	83.94
<b>TOTAL - Secured Long Term Loan From Banks and Financial Institutions</b>		<b>1769.39</b>	1559.68



- 1) 11.25 % Non Convertible Redeemable Debentures are secured by first pari passu Mortgage of all immovable property and hypothecation of all movable properties including movable machineries, machinery spares, tools and accessories both present and future except packing machine supplied by PESMEL Finland.
- 2) Term Loan from Banks and Financial Institutions namely Axis Bank, Bank of Baroda, Dena Bank, Exim Bank of India, Oriental Bank of Commerce, Punjab National Bank, State Bank of India, Syndicate Bank, State Bank of Hyderabad, IDFC and ICICI Bank Limited are secured by mortgage and the lenders have pari passu charge on all the present and future movable and immovable assets of the Company except Packing Machine supplied by PESMEL Finland but not limited to plant and machinery, machinery spares, tools and accessories in possession or not, stored, or to be brought in companies premises or lying at any other place of the companies representative affiliates and all the intangible assets of the company. The above security will rank pari passu amongst the lenders.
- 3) ECB Loan from ICICI Bank Limited are secured by Mortgage of all immovable property and hypothecation of all movable properties including movable machineries, machineries spares, tools and accessories both present and future except packing machine supplied by PESMEL Finland.
- 4) ECA from Nordea Bank is secured by hypothecation of Packing Machine supplied by PESMEL Finland.
- 5) Term Loan from ICICI Bank Limited, IFCI, LIC, GIC, and UII ranking pari passu are secured by Mortgage of all immovable property and hypothecation of all movable properties including movable machineries, machineries spares, tools and accessories both present and future except packing machine supplied by PESMEL Finland.

25,02,500 Equity Shares (Previous Year 25,02,500 equity shares) held by Promoters are pledged against term loan of ₹ 9.55 Crores availed from ICICI Bank Limited.

#### NOTE 4 DEFERRED TAX LIABILITY

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Deferred Tax Liabilities	121.70	86.92

#### NOTE 5 OTHER LONG TERM LIABILITIES

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Others:</b>		
Advances from Customers	347.48	—

#### NOTE 6 LONG TERM PROVISIONS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
(a) Provision for Employee Benefits:		
(i) Provision for Gratuity	5.56	6.01
(ii) Provision for Leave Encashment	5.99	5.40
<b>TOTAL - Long Term Provisions</b>	<b>11.55</b>	<b>11.41</b>

#### NOTE 7 SHORT TERM BORROWINGS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Secured</b>		
Working Capital Loan from Banks	45.35	257.39
<b>TOTAL - Short Term Borrowings</b>	<b>45.35</b>	<b>257.39</b>

## Uttam Galva Steels Limited

Working Capital Loans from Banks on Cash Credit (CC) & Packing Credit (PC) Accounts are Secured by Hypothecation of all Tangible, Moveable assets such as Raw Material, WIP, 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.

### NOTE 8 TRADE PAYABLES

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Trade Payables:		
Micro, Small and Medium Enterprises	0.39	0.74
Acceptances	633.04	890.55
Other than Acceptances	539.58	694.90
Subsidiary Companies	253.65	142.78
<b>TOTAL - Trade Payables</b>	<b>1426.66</b>	<b>1728.97</b>

The details of amounts outstanding to Micro, Small & Medium Enterprises based on information available with the Company is as under:

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Principal amount due and remaining unpaid	0.39	0.74
Interest due on (1) above and the unpaid interest	-	-
Interest paid on all delayed payments under the MSMED Act	Nil	Nil
Payment made beyond the appointed day during the year	Nil	Nil
Interest due and payable for the period of delay other than (3) above	Nil	Nil
Interest Accrued and remaining unpaid	Nil	Nil
Amount of further interest remaining due and payable in succeeding year	Nil	Nil

### NOTE 9 OTHER CURRENT LIABILITIES

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
(a) Current maturities of Long Term Debt	162.62	110.69
(b) Interest Accrued but not due on Borrowings	6.60	3.01
(c) Other payables		
(i) Statutory Remittances (PF, ESIC, Withholding Taxes, TDS, Excise Duty, VAT, Service Tax, etc.)	51.62	49.16
(ii) Advances from Customers	632.36	428.91
(iii) Provision for Freight & Other Expenses	20.26	23.73
<b>TOTAL - Other Current Liabilities</b>	<b>873.46</b>	<b>615.50</b>



## NOTE 10 SHORT TERM PROVISIONS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
(a) Provision for Employee Benefits		
(i) Provision for Bonus	1.25	1.32
(ii) Provision for Gratuity	1.21	-
(iii) Provision for other Employee Benefits	0.02	(0.38)
	2.48	0.94
(b) Provision - Others:		
(i) Provision for Tax (Net of Advance tax ₹ 17.00 Crores as at 31 <sup>st</sup> March, 2011 is ₹ 29.91 Crores)	11.26	(8.32)
<b>TOTAL - Short Term Provisions</b>	<b>13.74</b>	<b>(7.38)</b>

## NOTE NO 11 FIXED ASSETS

(₹ in Crores)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS AT 01.04.2011	ADDITIONS	DEDUCTION	COST AS AT 31.03.2012	UP TO 01.04.2011	FOR THE YEAR	DEDUCTION	TOTAL UP TO 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
<b>Own Tangible Assets</b>										
Land	42.01	-	-	42.01	-	-	-	-	42.01	42.01
Building & Site Development	491.62	176.89	-	668.51	80.29	16.93	-	97.22	571.29	411.33
Flats & Office Premises	2.96	-	-	2.96	0.23	0.05	-	0.28	2.68	2.73
Plant & Machinery	1923.75	1012.90	-	2936.66	614.52	105.85	-	720.38	2216.28	1309.22
Furniture & Fixtures	23.24	7.60	-	30.84	6.16	1.30	-	7.45	23.39	17.08
Office Equipments	7.12	0.17	-	7.29	3.61	0.64	-	4.25	3.04	3.51
Computer	10.73	1.07	-	11.79	6.02	1.40	-	7.42	4.38	4.71
Vehicles	8.44	1.93	0.90	9.47	2.64	0.81	0.40	3.05	6.41	5.80
Housing Complex	24.32	6.79	0.10	31.02	1.38	0.40	0.02	1.76	29.27	22.94
<b>TOTAL</b>	<b>2534.19</b>	<b>1207.35</b>	<b>0.99</b>	<b>3740.55</b>	<b>714.86</b>	<b>127.37</b>	<b>0.42</b>	<b>841.81</b>	<b>2898.74</b>	<b>1819.33</b>
<b>PREVIOUS YEAR</b>	<b>2466.22</b>	<b>68.23</b>	<b>0.26</b>	<b>2534.19</b>	<b>595.54</b>	<b>119.41</b>	<b>0.09</b>	<b>714.86</b>	<b>1819.33</b>	

Borrowing Cost amounting to ₹ 169.93 Crores apportioned to assets capitalised during the year.

Exchange Fluctuation loss amounting to ₹ 18.33 Crores capitalised during the year.

## NOTE 12 NON CURRENT INVESTMENTS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Other Investments (At cost):		
In Equity Shares of Subsidiary Companies Unquoted, Fully Paid Up		
a) 5,000 Equity Shares of \$ 10/each of Atlantis International Services Company Limited	0.26	0.22
b) 10,00,000 Equity Shares of UAE Dirham 1/each of Uttam Galva Holdings Limited	1.38	1.18
c) 18000 Equity Shares of Euro one each of Uttam Galva Steels Netherlands B.V.	0.12	0.11
d) 1 Equity Shares of USD 50,000 of Neelraj International Trade Limited	0.27	0.00
In Equity Shares of Associate Companies Unquoted, Fully Paid Up		
9,994 Equity Shares of ₹ 10 each of Uttam Utkal Steels Limited	0.01	0.01

## Uttam Galva Steels Limited

In Equity Shares of Joint Venture Companies Unquoted, Fully Paid Up		
a) 30,20,000 Equity Shares of ₹ 10/each of Texturing Technology Private Limited	3.02	3.02
b) 155310 Equity Shares of ₹ 10/ each of Moira Madhujore Coal Limited (Out of this, 126656 equity shares are purchased at a premium of ₹ 90/Share)	1.30	0.69
c) Share Application Money with Moira Madhujore Coal Limited	0.09	0.09
	6.45	5.33
Investment in Debentures of others entities, Unquoted Fully paid up 300,000 Unsecured Optionally Fully Convertible Debentures of ₹ 100/ Each in Shree Bhavani Power Projects Private Limited.	3.00	3.00
	3.00	3.00
Investments in Equities of other entities, Unquoted Fully paid up		
a) 20,000 Equity Shares of ₹ 25/ each of Punjab & Maharashtra Co-operative Bank Limited	0.05	0.05
b) 515,000, Equity Shares of ₹ 10/ each in Ansal Hi-Tech Township Limited	0.52	0.52
c) Share Application Money in Shree Bhavani Infracon Private Limited	2.00	—
	2.57	0.57
<b>TOTAL – Non Current Investments</b>	<b>12.02</b>	<b>8.89</b>

### NOTE 13 LONG TERM LOANS AND ADVANCES

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Unsecured, Considered Good</b>		
Security Deposits ;		
To Related Parties	16.05	16.05
To Others	5.21	7.40
Loans and Advances to Related Parties	15.00	2.12
Advance income tax for Prior Years` (Net of Provision As at 31 <sup>st</sup> March, 2011)	9.57	1.14
MAT Credit Entitlement	41.33	41.33
<b>TOTAL - Long Term Loans and Advances</b>	<b>87.16</b>	<b>68.04</b>

### NOTE 14 OTHER NON-CURRENT ASSETS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Accruals</b>		
Interest Accrued on Deposits	4.49	2.60
<b>Others</b>		
Other Receivables (DFIA)	19.40	19.40
<b>TOTAL - Other Non-Current Assets</b>	<b>23.89</b>	<b>22.00</b>

### NOTE 15 INVENTORIES

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Raw Materials	535.00	445.59
Goods-in-Transit	60.48	116.91
Work-in-Progress	138.16	156.69
Finished Goods	227.71	316.86
Stock-in-trade – Traded Goods	62.93	267.13
Stores, Spares and Consumables	52.21	53.21
Arising	8.65	9.59
<b>TOTAL - Inventories</b>	<b>1085.14</b>	<b>1365.98</b>



Note: Details of inventory of Work-in-Progress ( WIP)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
CRCA	70.07	83.04
GP/GC	55.03	66.70
PPGI	13.06	6.95
<b>TOTAL - Work-in-Progress ( WIP)</b>	<b>138.16</b>	<b>156.69</b>

#### NOTE 16 TRADE RECEIVABLES

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Unsecured, Considered Good</b>		
Outstanding for a period exceeding six months	40.42	20.23
Other Receivables	519.19	705.45
Less: Provision for Bad and Doubtful Debts	1.77	2.08
<b>TOTAL - Trade Receivables</b>	<b>557.84</b>	<b>723.60</b>

#### NOTE 17 CASH AND CASH EQUIVALENTS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Cash in hand	0.40	0.56
Balances with banks		
In Current Accounts	115.50	51.42
In EEFC Accounts	0.02	0.23
Balances held as Margin Money or Security against Borrowings, Guarantees and Other Commitments	15.34	15.38
<b>TOTAL - Cash And Cash Equivalents</b>	<b>131.26</b>	<b>67.59</b>

#### NOTE 18 SHORT-TERM LOANS AND ADVANCES

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Unsecured, Considered Good</b>		
Loans and Advances to Related Parties	5.93	0.15
Loans and Advances to Employees	1.68	1.64
Prepaid Expenses	38.85	31.54
Balances with Government Authorities		
(i) CENVAT Credit Receivable	120.45	80.88
(ii) VAT Refund Receivable	110.94	56.27
(iii) Service Tax Credit Receivable	10.69	7.82
Advances to Suppliers	362.02	193.01
Advances Recoverable in cash or in kind or for value to be received	8.23	(15.03)
Deposits	2.48	2.60
<b>TOTAL - Short-Term Loans And Advances</b>	<b>661.27</b>	<b>358.88</b>

# Uttam Galva Steels Limited

## NOTE 19 REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Sale of Products	4274.35	3786.24
Traded Goods	899.76	1345.43
Other Operating Revenues	301.27	198.17
<b>Gross Revenue From Operations</b>	<b>5475.38</b>	<b>5329.84</b>
Less: Excise Duty	303.78	289.03
<b>TOTAL - Revenue From Operations ( Net )</b>	<b>5171.60</b>	<b>5040.81</b>

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Sale of Products Comprises		
<b>Manufactured Goods</b>		
GP/GC *	2520.27	2111.23
PPGI	421.15	423.89
CRCA #	1332.93	1251.12
<b>Total – Sale of Manufactured Goods ***</b>	<b>4274.35</b>	<b>3786.24</b>
<b>Traded Goods</b>		
Sales Domestic Service Centre	460.69	600.38
Sales Domestic Trading	204.64	85.22
Sales Merchandise Exports	234.43	659.83
<b>Total - Sale of Traded Goods</b>	<b>899.76</b>	<b>1345.43</b>
<b>Total - Sale of Manufactured Goods and Traded Goods</b>	<b>5174.11</b>	<b>5131.67</b>
<b>Other Operating Revenues</b>		
Sale of Scrap	220.11	192.15
Duty Drawback and Other Export Incentives (FMS and SHIS)	14.24	6.02
Sales of Surplus Generated Power **	66.92	-
<b>TOTAL – Other Operating Revenues</b>	<b>301.27</b>	<b>198.17</b>

# Sales includes ₹ 832.09 Crores ( Previous Year Nil ) towards sales from trial run/stabilisation of Production, of 4 Hi Spin Pass Mill

\* GP Sales includes ₹ 698.75 Crores ( Previous Year Nil ) towards sales during stabilisation of Super Galvanising Line (SGL)

\*\* Sales of surplus generated Power includes ₹ 66.92 Crores towards sales during stabilisation of Captive Power Plant (CPP)

\*\*\* Sale of Manufactured Goods includes Export Sales ₹ 1066.96 Crores (Previous Year ₹ 932.97 Crores).

## NOTE 20.A COST OF MATERIALS CONSUMED

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Opening Stock	562.50	189.20
Add: Purchases	3206.17	3480.93
	<b>3768.67</b>	<b>3670.13</b>
Less: Closing Stock	591.45	562.50
<b>TOTAL - Cost of Material Consumed</b>	<b>3177.22</b>	<b>3107.63</b>
<b>Cost of Materials Consumed comprises of</b>		
Hot Rolled Coil (HRC)	2,220.46	2347.36
Cold Rolled Full Hard (CRFH)	629.47	455.58
Zinc & Metal	298.93	275.92
Paint	28.36	28.77
<b>TOTAL - Cost of Material Consumed</b>	<b>3177.22</b>	<b>3107.63</b>

**NOTE 20.B PURCHASE OF TRADED GOODS**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Purchase of Trade goods</b>		
Hot Rolled Coil (HRC)	67.76	65.58
Other Steel Products etc.	37.22	14.57
Trading Purchases	515.82	1,271.42
<b>TOTAL - Purchases of Traded Goods</b>	<b>620.80</b>	<b>1,351.57</b>

**NOTE 20.C CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & TRADED GOODS**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Inventories at the end of the year:</b>		
Finished Goods (FG) at Plant	136.28	302.73
Finished Goods (FG) at Port	91.45	14.15
Arisings	8.65	9.59
Work-in-Process (WIP)	138.16	156.69
Stock in Trade - Traded Goods	62.93	267.13
	<b>437.47</b>	<b>750.29</b>
<b>Inventories at the beginning of the year:</b>		
Finished Goods (FG) at Plant	302.70	86.22
Finished Goods (FG) at Port	14.15	3.31
Arisings	9.60	7.17
Work-in-Process (WIP)	156.71	89.17
Stock in Trade - Traded Goods	267.13	222.07
	<b>750.29</b>	<b>407.94</b>
<b>Net (Increase) / Decrease in Inventories</b>	<b>312.82</b>	<b>(342.35)</b>

**NOTE 21 EMPLOYEE BENEFITS EXPENSE**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Salaries and Wages	57.97	52.94
Contributions to Provident and Other Funds	3.88	3.52
Staff Welfare Expenses	5.65	5.34
<b>TOTAL - Employee Benefits Expense</b>	<b>67.50</b>	<b>61.80</b>

The Company has provided for Unclaimed Leave Encashment Benefits as at 31<sup>st</sup> March, 2012 to the tune of ₹ 5.99 Crores.

Liability for employee benefits in respect of gratuity 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:

# Uttam Galva Steels Limited

## Amount to be recognised in Balance Sheet As at 31<sup>st</sup> March, 2012.

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Gratuity</b>		
Present Value of Funded Obligations	12.08	9.82
Present Value of Unfunded Obligations	6.76	6.00
Fair Value of Plan Assets (managed by insurer)	5.32	3.82
<b>Net Liability</b>	<b>6.76</b>	<b>6.00</b>
Amounts in Balance Sheet		
Liability	12.08	9.82
Assets	5.32	3.82
<b>Net Liability</b>	<b>6.76</b>	<b>6.00</b>
<b>Expenses to be Recognised in the Statement of P&amp;L</b>		
Current Service Cost	1.54	1.32
Interest on Defined Benefit Obligation	0.79	0.64
Expected Return on Plan Assets	(0.45)	(0.35)
Net Actuarial Losses/(Gains) Recognised in Year	0.51	0.26
<b>Total, included in "Employee Benefit Expense"</b>	<b>2.39</b>	<b>1.87</b>
Actual Return on Plan Assets	0.45	0.35
<b>Reconciliation of Benefit Obligations &amp; Plan Assets For the Period</b>		
<b>Change in Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	<b>9.82</b>	<b>7.98</b>
Current Service Cost	1.54	1.32
Interest Cost	0.79	0.64
Actuarial Losses/ (Gains)	0.51	0.26
Benefits Paid	(0.58)	(0.38)
<b>Closing Defined Benefit Obligation</b>	<b>12.08</b>	<b>9.82</b>
<b>Change in Fair Value of Assets</b>		
<b>Opening in Fair Value of Plan Assets</b>	<b>3.89</b>	<b>2.84</b>
Expected Return on Plan Assets	0.46	0.34
Actuarial Gains / (Losses)	0.00	0.00
Contributions by Employer	1.46	0.91
Benefits Paid	(0.49)	(0.33)
<b>Closing Fair Value of Plan Assets</b>	<b>5.32</b>	<b>3.76</b>
<b>Principal Actuarial Assumptions (Expressed as Weighted Averages)</b>		
Discount Rate ( p.a.)	0.08	0.08
Expected Rate of Return on Assets ( p.a.)	0.09	NIL
Salary Escalation Rate ( p.a.)	0.07	0.07

## NOTE 22 OTHER EXPENSES

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Manufacturing Expenses</b>		
Power Consumption	101.91	105.64
Coal Consumed	141.29	0.00
Power Captively Consumed	(85.66)	0.00
Fuel Consumption	47.51	45.67
Water	2.54	0.86
Stores, Spares & Consumables Consumed	44.11	41.60
Repairs & Maintenance to Plant	23.73	16.49
Processing Charges	17.41	14.40
<b>TOTAL - Manufacturing Expenses</b>	<b>292.84</b>	<b>224.66</b>



<b>Selling and Distribution Expenses</b>		
International Freight	40.59	39.29
F.O.B. Expenses	14.47	13.56
Local Freight	34.77	35.45
Brokerage & Commission	3.91	9.92
Other Expenses	5.61	7.42
Packing Material Consumed	50.75	50.07
<b>TOTAL - Selling &amp; Distribution Expenses</b>	<b>150.10</b>	<b>155.71</b>
<b>Administrative Expenses</b>		
Insurance	5.52	4.77
Travelling & Conveyance	4.99	5.38
Rent, Rates & Taxes	4.39	5.47
Legal , Professional & Consultancy Charges	8.29	5.38
Repairs & Maintenance to Building	5.30	3.69
Repairs & Maintenance to others	1.84	1.60
Security Charges	1.74	1.53
Other Expenses	8.62	9.12
Remuneration to CMD/DMD	3.12	3.12
Miscellaneous Expenditure Written Off / (Amortised)	(0.01)	0.01
Payment to Auditors - Audit Fees	0.30	0.30
- Taxation Matters	0.05	0.05
- Expenses Reimbursed	0.05	0.04
Loss on Sale of Fixed Assets	0.19	0.07
<b>TOTAL - Administrative Expenses</b>	<b>44.39</b>	<b>40.53</b>
<b>TOTAL - Other Expenses</b>	<b>487.32</b>	<b>420.90</b>

#### NOTE 23 FINANCE COST

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Interest Expense on:		
(i) Borrowings - Long Term	238.79	203.83
(ii) Borrowings - Short Term	119.57	76.09
Other Borrowing Costs (Upfront Fees)	24.35	26.06
Net Loss on Foreign Currency Transactions and Translation	8.53	38.62
Gross Interest & Financial Charges	391.24	344.60
Less : Interest & Financial Charges Charged to Capital Work-In-Progress (WIP)	146.03	132.36
<b>TOTAL - Interest &amp; Financial Charges</b>	<b>245.21</b>	<b>212.24</b>

#### NOTE 24 OTHER INCOME

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Interest income	2.53	3.34
Net Gain on Foreign Currency Transactions and Translation (other than considered as Finance Cost)	3.28	0.03
Other Non-Operating Income	1.83	0.56
<b>TOTAL - Other Income</b>	<b>7.64</b>	<b>3.93</b>
<b>Interest Income Received</b>		
i) From Mutual Fund	0.51	0.41
ii) On Fixed Deposit	1.89	1.30
iii) On NSC	0.01	-
iv) On Trade Receivables	0.12	1.63
<b>TOTAL - Interest Income</b>	<b>2.53</b>	<b>3.34</b>

## Uttam Galva Steels Limited

### 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:

(₹ in Crores)

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
(a)	Letters of Credit outstanding	698.58	591.93
(b)	Bank Guarantees	130.25	92.54
(c)	Estimated amount of contracts remaining to be executed on capital account and not provided for	126.02	60.04

3.2 The Company had given a corporate guarantee of ₹ 84.54 Crores ( Previous Year ₹ 87.54 Crores ) to Commissioner of Customs against export obligation of Uttam Galva Metallics 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 Trade Payable to Subsidiary Companies includes ₹ 99.66 Crores ( Previous Year NIL ) towards the liability payable to subsidiary company.

3.4 The company has given a corporate guarantee of USD 30 million ( Previous Year USD 30 million ) to ICICI Bank against credit facility availed by Ferro Zinc International FZC, Trade Payable to Subsidiary Companies includes ₹ 153.99 ( Previous Year ₹ 142.78 Cores ) towards the liability payable to Subsidiary Company.

4.0 (a) The Income Tax Assessment is completed up to 31<sup>st</sup> March, 2009 i.e. Assessment Year 2009-10.

(b) The Sales Tax Assessments are completed up to 31<sup>st</sup> March, 2011.

(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 ₹ 18.33 Crores ( Previous Year ₹ 31.88 Crores ) on Foreign Currency Term Loans ( FCTL ) is adjusted against cost of relevant fixed assets.

#### 6.0 Taxation.

6.1 The Company does not have any taxable income as per the provisions of the Income Tax Act, 1961. However, it is liable to MAT (Minimum Alternate Tax)

6.2 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 ₹ 135.03 Crores ( Previous Year ₹ 100.52 Crores ) for period up to March '12. the Company has prepaid ₹ 37.81 Crores ( Previous Year ₹ 28.15 Crores ) at Net Present Value ( NPV ) as prescribed, and consequential balance of ₹ 97.21 Crores ( Previous Year ₹ 72.37 Crores ) is treated as sales. This credit has accrued and arisen during the financial year 2011-12.

7.0 During the year Company Commenced trial runs of Captive Power Plant ( CPP ). Power Generated 340977 MWH ( 42345 MWH Auxiliary Consumption ) out of this 147399 MWH has been consumed captively & balance sold to outside parties.

8.0 During the current year under review the Company carried out modification / revamping of Super Galvanizing Line ( SGL ) since July 2011. Total expenditure includes cost of sales, ₹ 861.21 Crores ( Previous Year Nil ) related to goods produced during trial run. Excess of expenditure over Sales realization is capitalized.

9.0 During the current year under review the Company carried out the Test Runs / Stabilization 4HI WW Skin Pass Mill during 2011-12. Total expenditure includes cost of sales, ₹ 913.87 Crores ( Previous Year Nil ) related to goods produced during trial run. Excess of expenditure over Sales realization is capitalized

#### 10.0 Earning Per Share (EPS)

a)	Earning Per Share (EPS)	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
	Profit for the Year	77.96	76.77
	Weighted average No. of ordinary shares of ₹ 10/- each	122260103	122260103
	Earning Per Share (EPS) Basic and Diluted (₹)	6.38	6.28



### 11.0 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)

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
1.	Land Building Site Development Expenses	165.98	270.94
2.	Plant & Machinery	34.09	379.50
3.	Consultant Fees	7.33	22.96
4.	Other Fixed Assets	4.62	2.78
5.	Pre-Operative Expenses	107.62	182.73
6.	Advance to Suppliers	86.53	128.08
7.	Sundry Creditors	(27.48)	(19.50)
<b>TOTAL - Capital Work-in-Progress ( WIP )</b>		<b>378.69</b>	<b>967.49</b>

12.0 (a) During the year, **Neelraj International Trade Limited**, a wholly owned Subsidiary has been incorporated on 9<sup>th</sup> day of January, 2012 at British Virgin Islands.

13.0 (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. Anuj R 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)

**Wholly Owned Subsidiary / Step down Subsidiary:**

Uttam Galva Holdings Limited  
Atlantis International Services Company Limited  
Ferro Zinc International FZE  
Uttam Galva Steels, Netherlands BV  
Neelraj International Trade Limited

**Associates / Joint Ventures :**

Grow Well Mercantile Limited  
Shree Uttam Steel and Power Limited  
Uttam Galva Metallics Limited  
Uttam Distribution Network Limited  
Uttam Utkal Steels Limited  
Sainath Trading Company Private Limited  
Texturing Technology Private Limited  
Moirra Madhujore Coal Limited

**Ability to Control / Exercise Significant Influence**

ArcelorMittal Finanzaria, SRL  
ArcelorMittal Cons Reunion  
ArcelorMittal SSC, Italia  
ArcelorMittal International FZE  
ArcelorMittal Internation Luxembourg  
ArcelorMittal Distribution Solution

## Uttam Galva Steels Limited

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

(₹ in Crores)

Particulars	Subsidiaries	Associates/Joint Venture	Ability to Control/ Exercise significant influence
Sale of Goods / Services	197.42	141.20	387.98
Purchase of Goods / Services	313.29	8.69	523.22
Loan Given	24.33	-	-
Export Advance Received	203.75	-	-
Investment in Equity	0.25	-	-
Rent Income	-	0.21	-
Rent Payment	-	2.05	-
Interest Paid	0.27	-	-

### 14.0 (a) Value of Imported & Indigenous Raw Materials and Spare Parts Consumed

Particulars	For the Year 2011-12		For the Year 2010-11	
	₹ in Crores	% to total consumption	₹ in Crores	% to total consumption
<b>Raw Materials</b>				
Imported	2375.55	59.36	3012.77	68.25
Indigenous	1626.67	40.64	1401.35	31.75
	4002.22	100.00%	4414.12	100.00%
<b>Spare Parts and Components</b>				
Imported	0.40	0.91	3.52	8.46
Indigenous	43.71	99.09	38.08	91.54
	44.11	100.00%	41.60	100.00%

### (b) Value of imports on CIF basis

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Raw materials	1924.95	2408.71
Spare Parts & Components	5.63	3.52
Capital Goods	39.01	27.37

### 15.0 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)

Particulars	Balance as at		Maximum Balance during the year	
	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	2011-12	2010-11
<b>Interest free loans without specified repayment schedule</b>				
Uttam Galva Holdings Limited	0.20	0.16	0.20	0.17
Atlantis International Services Company Limited	14.68	1.66	14.68	9.15
Ferro Zinc International FZE	0.12	0.11	0.12	0.11
Uttam Galva Steels, Netherlands BV	11.74	-	11.74	-
Neelraj International Trade Limited	5.63	-	5.63	-



16.0 Derivative Contracts entered into by the Company and outstanding as on 31<sup>st</sup> March 2012.

(i) **For Hedging Currency and Interest Rate Related Risks:**

The nominal amount of derivative contract entered into by the Company and outstanding as on 31<sup>st</sup> March, 2012 amount to ₹ 3.35 Crores.

(₹ in Crores)

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2012.	As at 31 <sup>st</sup> March, 2011.
1	Forward Contracts (₹ in Crores)	3.35	Nil

(ii) **For Hedging Commodity Related Risks:**

(₹ in Crores)

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2012.	As at 31 <sup>st</sup> March, 2011.
1	Zinc Future (MT)	450.00	Nil

17.0 Segment Reporting

The Company is Manufacturer of Steel Products and also has a Captive Power Plant (CPP), hence it is reporting its results in single segment as required by AS - 17

18.0 Sundry Debit Balances and Credit Balances are subject to confirmations.

19.0 (a) **Expenditure in Foreign Currency:**

(₹ in Crores)

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2012.	As at 31 <sup>st</sup> March, 2011.
(i)	Interest	13.84	23.24
(ii)	Legal, Professional & Consultation fee	0.59	1.34
(iii)	Commission	1.60	6.60
(iv)	International Freight	29.25	21.01
(v)	Travelling Expenses	0.55	0.43
(vi)	Others	0.04	0.07

(b) **Earnings in Foreign Currency:**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012.	As at 31 <sup>st</sup> March, 2011.
Exports on F.O.B. value	1260.79	1553.51
Interest	Nil	Nil

Signatures to Notes

As per our report attached

For **Prakkash Muni & Associates**

Chartered Accountants

Firm Registration No: 111792W

**Prakkash R. Muni**

Partner

Membership No : 30544

**Rajinder Miglani**

Chairman

**Gursharan S Shawney**  
Director Finance & Group CFO

For and on behalf of the Board of Directors

**Anuj R Miglani**

Managing Director

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

Place : Mumbai

Date : 9<sup>th</sup> May, 2012

**SUMMARY OF FINANCIAL INFORMATION PERTAINING TO THE SUBSIDIARY COMPANIES AS ON 31<sup>ST</sup> MARCH, 2012**

The Ministry of Corporate Affairs vide General Circular No 2/2011 dated 8<sup>th</sup> February, 2011 has granted a General exemption to all the Companies from the provision of Section 212 (8) of the Companies Act, 1956 subject to 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 BV	Ferro Zinc International FZE*	Neelraj International Trade Limited BV
Capital	13939123	2557825	1222947	13939123	2557825
Reserves	(2295597)	(32916292)	(36730586)	42236597	3309467
Total Assets	14008747	181537	215714	193718	262004
Total Liabilities	2365221	184573	219264	188100	261417
Details of Investment (Except in case of investment in the Subsidiaries)	-	-	-	-	-
Turnover	-	3677406848	1950821325	4064645327	3189504
Profit Before Taxation	(70829)	(8893835)	(34243736)	(14632255)	3114968
Provision For Taxation	-	-	-	-	-
Profit after Taxation	(70829)	(8893835)	(34243736)	(14632255)	3114968
Proposed Dividend	-	-	-	-	-
Country	Dubai	British Virgin Island	Netherland	Dubai	British Virgin Island

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



## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To,  
The Board of Directors of  
Uttam Galva Steels Limited,  
Mumbai.

1. We have audited the attached consolidated Balance Sheet of **UTTAM GALVA GROUP OF COMPANIES** as at March 31, 2012, 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. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries and joint venture's as referred in para 3.1 to the notes to the consolidated financial statements, whose financial statements reflect Total Assets (net) of ₹ 127.09 Crores as at March 31, 2012, Total Revenues of ₹ 475.78 Crores and Net Cash Inflow amounting to ₹ 62.2 Crores for the year ended as considered in the Consolidated Financial Statements. These Financial statements and other financial information have been audited by other auditors, whose reports are furnished to us by the management of the Group, and our opinion is solely based on the reports of other auditors.
4. We 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 our 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 our information and according to the explanations given to us, we are 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, 2012;
  - 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 **Prakash Muni & Associates**  
*Chartered Accountants*  
Firm Registration No.: 111792W

**Prakash R. Muni**  
*Partner*  
Membership No.: 30544

Place : Mumbai  
Date : 9<sup>th</sup> May, 2012

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012**

(₹ in Crores)

Particulars		Note No.	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' Funds</b>			
	(a) Share Capital	1	122.26	122.26
	(b) Reserves and Surplus	2	884.45	829.42
			1006.71	951.68
<b>2</b>	<b>Non Current Liabilities</b>			
	(a) Long Term Borrowings	3	2,229.12	1,901.43
	(b) Deferred Tax Liabilities	4	122.28	87.20
	(c) Other Long Term Liabilities	5	97.96	–
	(d) Long Term Provisions	6	11.55	11.41
			2460.91	2000.04
<b>3</b>	<b>Current Liabilities</b>			
	(a) Short Term Borrowings	7	397.58	257.39
	(b) Trade Payables	8	1,206.61	1588.10
	(c) Other Current Liabilities	9	874.85	615.97
	(d) Short Term Provisions	10	16.44	(5.38)
			2495.48	2456.08
	<b>TOTAL</b>		<b>5963.10</b>	<b>5407.80</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non Current Assets</b>			
	(a) Fixed Assets			
	(i) Tangible Assets	11	2,906.15	1827.94
	(ii) Capital Work-in-Progress		378.69	967.49
	(iii) Intangible assets under development		0.61	–
			3285.45	2795.43
	(b) Non Current Investments	12	5.58	3.59
	(c) Long Term Loans and Advances	13	72.66	65.92
	(d) Other Non Current Assets	14	23.89	22.00
			3387.58	2886.94
<b>2</b>	<b>Goodwill on Consolidation</b>		1.14	0.59
<b>3</b>	<b>Current Assets</b>			
	(a) Inventories	15	1085.16	1,366.03
	(b) Trade Receivables	16	638.18	723.60
	(c) Cash and Cash Equivalents	17	193.46	69.64
	(d) Short Term Loans and Advances	18	657.58	361.00
			2574.38	2520.27
	<b>TOTAL</b>		<b>5963.10</b>	<b>5407.80</b>
<b>Significant Accounting Policies &amp; Notes on Consolidated Financial Statements</b>		1 to 24		

As per our Report of even date

**For Prakash Muni & Associates**

Chartered Accountants

Firm Registration No 111792 W

For and on behalf of the Board of Directors

**Rajinder Miglani**

Chairman

**Anuj R Miglani**

Managing Director

**Prakkash R. Muni**

Partner

Membership No 30544

**Gursharan S Sawhney**

Director (Finance) & Group CFO

**R Agrawal**

Sr. Vice President & Company Secretary

Place : Mumbai

Date : 9<sup>th</sup> May, 2012



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(₹ in Crores)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>CONTINUING OPERATIONS</b>			
Revenue from Operations (Gross)	19	5951.16	5329.84
Less: Excise Duty		303.78	289.03
<b>Revenue from Operations (Net)</b>		<b>5647.38</b>	<b>5040.81</b>
<b>Expenses</b>			
(a) Cost of Materials Consumed	20.A	3177.22	3099.80
(b) Purchase of Traded Goods	20.B	1,082.08	1,351.57
(c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20.C	312.82	(342.35)
(d) Employee Benefits Expense	21	67.50	62.00
(e) Other Expenses	22	488.34	420.71
<b>TOTAL EXPENSES</b>		<b>5127.96</b>	<b>4591.73</b>
<b>Earning before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>		<b>519.42</b>	<b>449.08</b>
Finance Cost	23	261.93	218.26
Depreciation	11	128.57	120.78
Other Income	24	7.62	3.81
<b>Profit Before Tax (PBT)</b>		<b>136.54</b>	<b>113.85</b>
<b>Tax Expense:</b>			
Current Income Tax (MAT)		28.42	21.70
MAT Credit		-0.11	
Wealth Tax		0.05	0.05
Net Current Tax		28.36	21.75
Deferred Income Tax		35.08	15.46
<b>TOTAL TAX EXPENSE</b>		<b>63.44</b>	<b>37.21</b>
<b>Profit for the Year After Tax (PAT)</b>		<b>73.10</b>	<b>76.64</b>
<b>Earnings Per Share (EPS)</b>			
Basic & Diluted		5.98	6.27
<b>Significant Accounting Policies &amp; Notes on Consolidated Financial Statements</b>	1 to 24		

As per our Report of even date

**For Prakash Muni & Associates**

Chartered Accountants

Firm Registration No 111792 W

For and on behalf of the Board of Directors

**Rajinder Miglani**

Chairman

**Anuj R Miglani**

Managing Director

**Prakash R. Muni**

Partner

Membership No 30544

**Gursharan S Sawhney**

Director (Finance) & Group CFO

**R Agrawal**

Sr. Vice President & Company Secretary

Place : Mumbai

Date : 9<sup>th</sup> May, 2012

**COSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

(₹ in Crores)

	Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) Before Tax and Extraordinary Items	136.54	113.85
	Provision for Doubtful Debts	(0.31)	0.00
	Adjustments for Depreciation	128.57	120.78
	(Profit) / Loss on Sale of Assets	0.19	0.07
	Interest Income	(2.53)	(3.34)
	Interest & Financial Charges	261.93	218.26
	<b>Operating Profit Before Working Capital Changes</b>	<b>524.39</b>	<b>449.62</b>
	Adjustments for :		
	(Increase)/Decrease in Trade and other Receivables	(211.202)	(321.40)
	(Increase)/Decrease in Inventories	280.88	(719.89)
	Increase/(Decrease) in Trade Payables and Other Liabilities	46.97	1161.04
	Cash Generated from Operations	641.03	569.37
	Direct Taxes Paid (Net of Refunds)	(17.35)	(33.11)
	Prior Period Expenses (Net)	0.00	3.25
	<b>Cash Flow from Operating Activities</b>	<b>623.68</b>	<b>539.52</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
	Purchase of Fixed Assets	(618.55)	(402.17)
	Sale of Fixed Assets	0.38	0.26
	Purchase of Investments / Investments in Subsidiaries	(1.99)	(0.01)
	Sale of Investments	0.00	0.00
	Interest/Dividend Received	2.53	3.34
	<b>Net Cash Used in Investing Activities</b>	<b>(617.62)</b>	<b>(398.58)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
	Securities Premium Received	0.00	(20.79)
	Redemption / Conversion of FCCB	0.00	(68.37)
	Proceeds from Long Term Borrowings	1305.78	1139.58
	Repayments of Long Term Borrowings	(789.21)	(817.09)
	Interest & Financial Charges Paid	(253.40)	(179.64)
	Gain / (Loss) on Forward Contracts	(8.53)	(38.62)
	Proceeds/(Repayments) of Deferred Sales Tax Loan/ICD/Unsecured Loans	(136.88)	(248.27)
	<b>Net Cash Generated from Financing Activities</b>	<b>117.76</b>	<b>(233.21)</b>
	<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>123.82</b>	<b>(92.27)</b>
	Cash & Cash Equivalents (Opening)	69.64	161.91
	Cash & Cash Equivalents (Closing)	193.46	69.64

**Notes :**

- 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.
- 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.
- Cash and Cash Equivalents represent Cash & Bank balances and bank deposits only.

As per our Report of even date

For and on behalf of the Board of Directors

**For Prakkash Muni & Associates**

Chartered Accountants  
Firm Registration No 111792 W

**Rajinder Miglani**  
Chairman

**Anuj R Miglani**  
Managing Director

**Prakkash R. Muni**

Partner  
Membership No 30544

**Gursharan S Sawhney**  
Director (Finance) & Group CFO

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

Place : Mumbai

Date : 9<sup>th</sup> May, 2012



## SIGNIFICANT ACCOUNTING POLICIES & NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### 1.0 Accounting Policies:

Most of the accounting policies of the holding Company and that of the subsidiary's and Joint Venture Companies are similar.

### 2.0 Principal for Consolidation:

The consolidated financial statements relate to **UTTAM GALVA STEELS LIMITED** and its Subsidiary / Joint Venture Companies. The consolidated financial statements have been prepared on following basis:

- 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 (AS) 21-"Consolidated Financial Statement" notified by Companies (Accounting Standard) Rules, 2006.
- 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.
- 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 Subsidiary and Joint Venture Companies is recognised in financial statement as Goodwill or Capital Reserve as the case may be.
- Interest in joint venture have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 –"Financial Reporting of Interest in Joint Venture "notified by Companies (Accounting Standards) Rules, 2006.
- The financial statement of the subsidiary, associate and joint venture Companies are consolidated and drawn up to the same reporting date as that of the Company i.e. 31<sup>st</sup> March, 2012.

### 3.1 The list of Subsidiary & Joint Venture Companies, 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
<b>A.</b>	<b>SUBSIDIARIES</b>		
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 , Netherlands BV	Netherland	100%
5.	Neelraj International Trade Limited	BVI	100%
<b>B.</b>	<b>JOINT VENTURE</b>		
1.	Texturing Technology Private Limited (TTPL)	INDIA	50 %
2.	Moira Madhujore Coal Limited	INDIA	28.74%

### 3.2 All Companies under consolidation, depreciation is charged on Straight Line Method (SLM), where as in case of TTPL depreciation of ₹ 1.19 Crores is charged on Written Down Value Method (WDV), which is 0.93 % of total depreciation.

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

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

## Uttam Galva Steels Limited

### 6.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
(a)	Letters of Credit outstanding	698.58	591.93
(b)	Bank Guarantees	130.25	92.54
(c)	Estimated amount of contracts remaining to be executed on capital account and not provided for	126.02	60.04

6.2 The Company had given a corporate guarantee aggregating to ₹ 442.64 Crores (Previous Year ₹ 18.33 Crores) to Banks & Government Authorities on behalf of others.

7.0 Pursuant to revision of Accounting Standard 11 (AS 11), exchange fluctuation gain of ₹ 18.33 Crores (Previous Year Loss ₹ 31.88 Crores) 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 tax liability to the tune of ₹ 35.07 Crores (previous year ₹ 15.46 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 tax payable at future date.

8.3 During the year the Company has recognised 'MAT Credit Entitlement' to the sum of ₹ 0.11 (Previous Year ₹ Nil Crores) pertaining to MAT payment for the current year.

### 9.0 Earning Per Share (EPS)

a) Earning Per Share (EPS)	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Profit for the Year	73.10	76.64
Weighted average No. of ordinary shares of ₹10 each for Basic EPS	122260103	122260103
Earning per share (EPS) Basic & Diluted (₹)	5.98	6.27

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

(₹ in Crores)

Particulars	Moira Madhujore Coal Ltd.		Texturing Technology Pvt. Ltd.	
	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>1. Assets</b>				
a) Fixed Assets (Incl. CWIP)	0.61	Nil	7.41	8.60
b) Non – Current Assets	0.71	0.02	0.20	0.01
c) Current Assets	0.09	0.56	1.01	0.63
<b>2. Liabilities</b>				
a) Secured / Unsecured Loans	Nil	Nil	2.28	3.20
b) Non – Current Liabilities	Nil	Nil	0.57	0.39
c) Current Liabilities	0.03	0.01	1.64	2.13
<b>3. Income</b>	0.04	Nil	3.42	3.04
<b>4. Expenditure</b>	0.01	Nil	2.45	2.56



**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. Anuj R 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 Netherlands, BV.

**ASSOCIATES**

Grow Well Mercantile Limited

Shree Uttam Steel and Power Limited

Uttam Galva Metalics Limited

Uttam Distribution Network Limited

Uttam Utkal Steels Limited

Sainath Trading Company Private Limited

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

(₹ in Crores)

Particulars	Ability to Control/Exercise significant influence	Associates
Sale of Goods / Services	169.17	267.60
Purchase of Goods / Services	238.48	Nil
Rent Payment	Nil	2.05

Signatures to Notes

As per our report attached

For **Prakkash Muni & Associates**

*Chartered Accountants*

Firm Registration No: 111792W

**Prakkash R. Muni**

*Partner*

Membership No : 30544

**Rajinder Miglani**

*Chairman*

**Gursharan S Shawney**  
*Director Finance & Group CFO*

For and on behalf of the Board of Directors

**Anuj R Miglani**

*Managing Director*

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

Place : Mumbai

Date : 9<sup>th</sup> May, 2012

# Uttam Galva Steels Limited

## NOTE 1 SHARE CAPITAL

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(a) Authorised Share Capital</b> 17,50,00,000 (17,50,00,000) Equity Shares of ₹ 10/- each	175.00	175.00
	175.00	175.00
<b>(b) Issued, Subscribed and Paid up Equity Share Capital</b> 12,22,60,103 (12,22,60,103) Equity Shares of ₹ 10/- each Fully paid up (Out of this 58,74,760 Equity Share have been Issued for consideration other than Cash and 2,18,57,924 Equity Share have been issued on Conversion of Global Depository Receipts )	122.26	122.26
<b>TOTAL - Issued, Subscribed and Paid up Equity Share Capital</b>	<b>122.26</b>	<b>122.26</b>

### Details of Shareholder holding more than 5% Equity Shares:

Name of Shareholders	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Number of shares held	% holding	Number of shares held	% holding
<b>Equity Shares with Voting Rights</b>				
Kredence Multi Trading Limited	14921063	12.20	14921063	12.20
Uttam Exports Private Limited	7324379	5.99	7324379	5.99
Shree Uttam Steel & Power Limited	7885600	6.45	7885600	6.45
Arcelomittal Netherlands BV	41327931	33.80	41327931	33.80
Cresta Fund Limited	12061801	9.87	12061801	9.87

## NOTE 2 RESERVES AND SURPLUS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
(a) Capital Reserve		
As per Last Balance Sheet	0.12	0.12
(b) Capital Redemption Reserve		
As per Last Balance Sheet	5.37	5.37
(c) Securities Premium Account		
As per Last Balance Sheet	169.75	169.75
(d) Debenture Redemption Reserve		
As per Last Balance Sheet	25.00	12.50
Add: Transferred from Profit & Loss Account	12.50	12.50
Closing Balance	37.50	25.00
(e) Capital Incentive From Government of Maharashtra		
As per Last Balance Sheet	0.20	0.20
(f) Profit and Loss Account		
As per Last Balance Sheet	628.98	567.20
Add: Profit for the year	73.10	74.28
Less: Appropriations		
Transferred to Debenture Redemption Reserve	12.50	12.50
Closing Balance	689.59	628.98
(g) Foreign Currency Translation Reserve	(18.08)	—
<b>TOTAL - Reserves And Surplus</b>	<b>884.45</b>	<b>829.42</b>



### NOTE 3 LONG TERM BORROWINGS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Secured</b>		
Non Convertible Redeemable Debentures	200.00	200.00
Term Loan from Banks and Financial Institutions	1771.67	1562.88
	1971.67	1762.88
<b>Unsecured</b>		
Other Loans (SICOM & Others)	1.67	138.55
Banks	255.78	
<b>TOTAL - Long Term Borrowings</b>	<b>2229.12</b>	<b>1901.43</b>

- (i) Details of terms of repayment for the Secured Non Convertible Redeemable Debentures issued by the Company and security provided in respect thereof:

Particulars	Terms and conditions	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
11.25 % Non Convertible Redeemable Debentures	Redeemable in 4 half-yearly installments ending on March, 2015	200.00	200.00

- (ii) Details of terms of repayment for the Secured Long-Term Borrowings and security provided in respect thereof:

Particulars	Terms of repayment	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Secured Long Term Loans From Banks:</b>			
Axis Bank Limited, Bank of Baroda, Dena Bank, Exim Bank of India, Oriental Bank of Commerce, Punjab National Bank, Syndicate Bank, State Bank of India & State Bank of Hyderabad	Repayable in 36 quarterly installments ending on March, 2020	1353.75	914.55
ICICI Bank Limited (ECB) (USD 15 million, Previous Year USD 25 million)	Repayable in 11 half yearly installments ending on February, 2014	76.73	110.66
ICICI Bank Limited - I	Repayable in 8 half yearly installments ending on December, 2015	37.50	50.00
ICICI Bank Limited - II	Repayable in 28 quarterly installments ending on December, 2019	216.96	–
ICICI Bank Limited (OFCL) 0%	Repayable in lumpsum on March, 2015	9.55	9.55
Nordea Bank (ECA) (USD 1.25 million, Previous Year USD 1.67 million)	Repayable in 16 half yearly installments ending on November, 2015	6.40	7.43
Canara Bank	–	–	193.55
Vijaya Bank	–	–	190.00
<b>Total - Secured Long Term Loan From Banks</b>		<b>1700.90</b>	<b>1475.74</b>
<b>Secured Long Term Loans From Financial Institutions</b>			
IFCI, LIC, GIC, UII	Repayable in 5 annual installments ending on July, 2014	7.74	11.62
IDFC	Repayable in 28 quarterly installments ending on March, 2018	60.75	72.32
Export Development Canada (Secured by Hypothecation of Waldrich Electro Discharge Texturing Machine – Profitex 60)	Repayable in 6 half yearly installments ending on January, 2015	2.28	3.20
<b>Total - Secured Long Term Loan From Financial Institutions</b>		<b>70.77</b>	<b>87.14</b>
<b>TOTAL - Secured Long Term Loan From Banks and Financial Institutions</b>		<b>1771.67</b>	<b>1562.88</b>

## Uttam Galva Steels Limited

- 1) 11.25% Non Convertible Redeemable Debentures are secured by first pari passu Mortgage of all immovable property and hypothecation of all movable properties including movable machineries, machinery spares, tools and accessories both present and future except packing machine supplied by PESMEL Finland.
- 2) Term Loan from Banks and Financial Institutions namely Axis Bank, Bank of Baroda, Dena Bank, Exim Bank of India, Oriental Bank of Commerce, Punjab National Bank, State Bank of India, Syndicate Bank, State Bank of Hyderabad, IDFC and ICICI Bank Limited are secured by mortgage and the lenders have pari passu charge on all the present and future movable and immovable assets of the Company except packing machine supplied by PESMEL Finland but not limited to plant and machinery, machinery spares, tools and accessories in possession or not, stored, or to be brought in companies premises or lying at any other place of the companies representative affiliates and all the intangible assets of the Company. The above security will rank pari passu amongst the lenders.
- 3) ECB Loan from ICICI Bank Limited are secured by Mortgage of all immovable property and hypothecation of all movable properties including movable machineries, machineries spares, tools and accessories both present and future except packing machine supplied by PESMEL Finland.
- 4) ECA from Nordea Bank is secured by hypothecation of Packing Machine supplied by PESMEL Finland.
- 5) Term Loan from ICICI Bank Limited, IFCL, LIC, GIC, and UII ranking pari passu are secured by Mortgage of all immovable property and hypothecation of all movable properties including movable machineries, machineries spares, tools and accessories both present and future except packing machine supplied by PESMEL Finland.

25,02,500 Equity Shares (Previous Year 25,02,500 equity shares) held by Promoters are pledged against term loan of ₹ 9.55 Crores availed from ICICI Bank Limited.

### NOTE 4 DEFERRED TAX LIABILITY

(₹ in Crores)

Particulars	As at	As at
	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
Deferred Tax Liabilities	122.28	87.20

### NOTE 5 OTHER LONG TERM LIABILITIES

(₹ in Crores)

Particulars	As at	As at
	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>Others:</b>		
Advances from Customers	97.96	—

### NOTE 6 LONG TERM PROVISIONS

(₹ in Crores)

Particulars	As at	As at
	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
(a) Provision for Employee Benefits:		
(i) Provision for Gratuity	5.55	6.00
(ii) Provision for Leave Encashment	5.99	5.40
<b>TOTAL - Long Term Provisions</b>	<b>11.55</b>	<b>11.41</b>

### NOTE 7 SHORT TERM BORROWINGS

(₹ in Crores)

Particulars	As at	As at
	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>Unsecured</b>		
Short Term Loan	352.23	—
<b>Secured</b>		
Working Capital Loan from Banks	45.35	257.39
<b>TOTAL - Short Term Borrowings</b>	<b>397.58</b>	<b>257.39</b>

Working Capital Loans from Banks on Cash Credit ( CC ) & Packing Credit ( PC ) Accounts are Secured by Hypothecation of all tangible, moveable assets such as raw material, WIP, finished goods, stock in transit & book debts etc. and the second charge on fixed assets of the Company except packing machine supplied by PESMEL, Finland.

**NOTE 8 TRADE PAYABLES**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Trade Payables:</b>		
Micro, Small and Medium Enterprises	0.39	0.74
Acceptances	633.03	890.55
Other than Acceptances	573.19	696.81
<b>TOTAL - Trade Payables</b>	<b>1,206.61</b>	<b>1,588.10</b>

The details of amounts outstanding to Micro, Small & Medium Enterprises based on information available with the Company is as under:

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Principal amount due and remaining unpaid	0.39	0.74
Interest due on (1) above and the unpaid interest	-	-
Interest paid on all delayed payments under the MSMED Act	Nil	Nil
Payment made beyond the appointed day during the year	Nil	Nil
Interest due and payable for the period of delay other than (3) above	Nil	Nil
Interest Accrued and remaining unpaid	Nil	Nil
Amount of further interest remaining due and payable in succeeding year	Nil	Nil

**NOTE 9 OTHER CURRENT LIABILITIES**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
(a) Current maturities of Long Term Debt	163.76	111.76
(b) Interest Accrued but not due on Borrowings	6.60	3.01
(c) Other payables		
(i) Statutory Remittances (PF, ESIC, Withholding Taxes, TDS, Excise Duty, VAT, Service Tax, etc.)	51.62	49.16
(ii) Advances from Customers	632.36	428.91
(iii) Provision for Freight & Other Expenses	20.51	23.13
<b>TOTAL - Other Current Liabilities</b>	<b>874.85</b>	<b>615.97</b>

**NOTE 10 SHORT TERM PROVISIONS**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
(a) Provision for Employee Benefits		
(i) Provision for Bonus	1.25	1.32
(ii) Provision for Gratuity	1.21	
(iii) Provision for other Employee Benefits	0.02	(0.38)
	2.48	0.94
(b) Provision – Others:		
(i) Provision for Tax (Net of Advance tax ₹ 17.24 Crores as at 31 <sup>st</sup> March, 2011 is ₹ 29.91 Crores)	11.22	(8.16)
(ii) Others	2.74	1.84
<b>TOTAL - Short Term Provisions</b>	<b>16.44</b>	<b>(5.38)</b>

# Uttam Galva Steels Limited

## NOTE NO 11 FIXED ASSETS FOR THE YEAR ENDED 31<sup>st</sup> March, 2012

(₹ in Crores)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS AT 01.04.2011	ADDITIONS	DEDUCTION	COST AS AT 31.03.2012	UP TO 01.04.2011	FOR THE YEAR	DEDUCTION	TOTAL UP TO 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
<b>Own Tangible Assets</b>										
Land	42.01	-	-	42.01	-	-	-	-	42.01	42.01
Building & Site Development	491.62	176.89	-	668.51	80.29	16.93	-	97.22	571.29	411.33
Flats & Office Premises	2.96	-	-	2.96	0.23	0.05	-	0.28	2.68	2.73
Plant & Machinery	1933.69	1012.90	-	2946.59	615.89	107.05	-	722.93	2223.66	1317.81
Furniture & Fixture	23.27	7.60	-	30.87	6.15	1.30	-	7.46	23.40	17.12
Office Equipments	7.13	0.17	-	7.30	3.62	0.64	-	4.25	3.05	3.51
Computer	10.73	1.07	-	11.80	6.03	1.40	-	7.43	4.37	4.69
Vehicles	8.44	1.93	0.90	9.47	2.64	0.81	0.40	3.05	6.41	5.79
Housing Complex	24.33	6.79	0.10	31.02	1.38	0.40	0.02	1.76	29.27	22.95
<b>TOTAL</b>	<b>2544.18</b>	<b>1207.35</b>	<b>0.99</b>	<b>3750.52</b>	<b>716.24</b>	<b>128.57</b>	<b>0.42</b>	<b>844.39</b>	<b>2906.15</b>	<b>1827.94</b>
<b>PREVIOUS YEAR</b>	<b>2466.24</b>	<b>78.20</b>	<b>0.26</b>	<b>2544.18</b>	<b>595.54</b>	<b>120.78</b>	<b>0.09</b>	<b>716.24</b>	<b>1827.94</b>	

Borrowing Cost amounting to ₹ 169.93 Crores apportioned to assets capitalised during the year

Exchange Fluctuation Loss amounting to ₹ 18.33 Crores capitalised during the year.

## NOTE 12 NON CURRENT INVESTMENTS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Other Investments (At cost):		
In Equity Shares of Associate Companies Unquoted, Fully paid up 9,994 Equity Shares of ₹ 10 each of Uttam Utkal Steels Limited	0.01	0.01
Investment in Debentures of others entities, Unquoted, Fully paid up 300,000 Unsecured Optionally Fully Convertible Debentures of ₹ 100/ each in Shree Bhavani Power Projects Private Limited.	3.00	3.00
Investments in Equity Shares of other entities, Unquoted, Fully paid up		
a) 20,000 Equity Shares of ₹ 25/- each of Punjab & Maharashtra Co-op Bank Limited	0.05	0.05
b) 515,000, Equity Shares of ₹ 10/- each in Ansal Hi-Tech Township Limited	0.52	0.52
c) Share Application Money in Shree Bhavani Infracon Private Limited	2.00	-
	2.57	0.57
<b>TOTAL – Non Current Investments</b>	<b>5.58</b>	<b>3.59</b>

## NOTE 13 LONG TERM LOANS AND ADVANCES

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Unsecured, Considered Good</b>		
Security Deposits		
To Related Parties	16.05	16.05
To Others	5.21	7.40
Advance income tax for Prior Years` (Net of Provision As at 31 <sup>st</sup> March, 2012)	9.32	1.14
Others	0.64	-
MAT Credit Entitlement	41.44	41.33
<b>TOTAL - Long Term Loans and Advances</b>	<b>72.66</b>	<b>65.92</b>



#### NOTE 14 OTHER NON-CURRENT ASSETS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Accruals</b>		
Interest Accrued on Deposits	4.49	2.60
<b>Others</b>		
Other Receivables (DFIA)	19.40	19.40
<b>TOTAL - Other Non-Current Assets</b>	<b>23.89</b>	<b>22.00</b>

#### NOTE 15 INVENTORIES

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Raw Materials	535.00	445.59
Goods-in-Transit	60.48	116.91
Work-in-Progress	138.16	156.71
Finished Goods	227.71	316.85
Stock-in-trade – Traded Goods	62.93	267.13
Stores, Spares and Consumables	52.22	53.25
Arising	8.66	9.59
<b>TOTAL - Inventories</b>	<b>1085.16</b>	<b>1366.03</b>

Note: Details of inventory of Work-in-Progress ( WIP)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
CRCA	70.07	83.06
GP/GC	55.03	66.70
PPGI	13.06	6.95
<b>TOTAL - Work-in-Progress ( WIP)</b>	<b>138.16</b>	<b>156.71</b>

#### NOTE 16 TRADE RECEIVABLES

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Unsecured, Considered Good</b>		
Outstanding for a period exceeding six months	40.42	20.23
Other Receivables	599.53	705.45
Less: Provision for Bad and Doubtful Debts	1.77	2.08
<b>TOTAL - Trade Receivables</b>	<b>638.18</b>	<b>723.60</b>

#### NOTE 17 CASH AND CASH EQUIVALENTS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Cash in hand	0.40	0.56
Balances with banks		
In Current Accounts	177.70	53.47
In EEFC Accounts	0.02	0.23
Balances held as Margin Money or Security against Borrowings, Guarantees and Other Commitments	15.34	15.38
<b>TOTAL - Cash And Cash Equivalents</b>	<b>193.46</b>	<b>69.64</b>

## NOTE 18 SHORT-TERM LOANS AND ADVANCES

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Unsecured, considered good</b>		
Loans and Advances to Related Parties	0.30	0.15
Loans and Advances to Employees	1.68	1.64
Prepaid Expenses	38.85	31.54
Balances with Government Authorities		
(i) CENVAT Credit Receivable	120.50	80.88
(ii) VAT Refund Receivable	110.94	56.27
(iii) Service Tax Credit Receivable	10.77	7.82
Advances to Suppliers	362.02	195.13
Advances Recoverable in cash or in kind or for value to be received	8.23	(15.03)
Deposits	2.48	2.60
Others	1.81	-
<b>TOTAL - Short-Term Loans And Advances</b>	<b>657.58</b>	<b>361.00</b>

## NOTE 19 REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Sale of Products	4274.35	3786.24
Traded Goods	1375.54	1345.43
Other Operating Revenues	301.27	198.17
<b>Gross Revenue From Operations</b>	<b>5951.16</b>	<b>5329.84</b>
Less: Excise Duty	303.78	289.03
<b>TOTAL - Revenue From Operations ( Net )</b>	<b>5647.38</b>	<b>5040.81</b>

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Sale of Products Comprises		
<b>Manufactured Goods</b>		
GP/GC *	2520.27	2111.23
PPGI	421.15	423.89
CRCA #	1132.93	1251.12
<b>Total – Sale of Manufactured Goods ***</b>	<b>4274.35</b>	<b>3786.24</b>
<b>Traded Goods</b>		
Sales Domestic Service Centre	460.69	600.38
Sales Trading	680.43	85.22
Sales Merchandise Exports	234.43	659.83
<b>Total – Sale of Traded Goods</b>	<b>1375.54</b>	<b>1345.43</b>
<b>Total – Sale of Manufactured Goods and Traded Goods</b>	<b>5649.89</b>	<b>5131.67</b>
<b>Other Operating Revenues</b>		
Sale of Scrap	220.11	192.15
Duty Drawback and Other Export Incentives (FMS and SHIS)	14.24	6.02
Sales of Surplus Generated Power **	66.92	-
<b>TOTAL – Other Operating Revenues</b>	<b>301.27</b>	<b>198.17</b>

# Sales includes ₹ 832.09 Crores ( Previous Year Nil ) towards sales from trial run/stabilisation of Production, of 4 Hi Skin Pass Mill

\* GP Sales includes ₹ 698.75 Crores ( Previous Year Nil ) towards sales during stabilisation of Super Galvanising Line (SGL)

\*\* Sales of surplus generated Power includes ₹ 66.92 Crores towards sales during stabilisation of Captive Power Plant (CPP)

\*\*\* Sale of Manufactured Goods includes Export Sales ₹ 1066.96 Crores (Previous Year ₹ 932.97 Crores)


**NOTE 20.A COST OF MATERIALS CONSUMED**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Opening Stock	562.50	189.20
Add: Purchases	3206.17	3473.10
	3768.67	3662.30
Less: Closing Stock	591.45	562.50
<b>TOTAL - Cost of Material Consumed</b>	<b>3177.22</b>	<b>3099.80</b>
<b>Cost of Materials Consumed comprises of</b>		
Hot Rolled Coil (HRC)	2220.46	2339.53
Cold Rolled Full Hard (CRFH)	629.47	455.58
Zinc & Metal	298.93	275.92
Paint	28.36	28.77
<b>TOTAL - Cost of Material Consumed</b>	<b>3177.22</b>	<b>3099.80</b>

**NOTE 20.B PURCHASE OF TRADED GOODS**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Purchase of Trade goods</b>		
Hot Rolled Coil (HRC)	67.76	65.58
Other Steel Products etc.	498.50	14.57
Trading Purchases	515.82	1271.42
<b>TOTAL - Purchases of Traded Goods</b>	<b>1082.08</b>	<b>1351.57</b>

**NOTE 20.C CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & TRADED GOODS**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b><u>Inventories at the end of the year:</u></b>		
Finished Goods (FG) at Plant	136.28	302.73
Finished Goods (FG) at Port	91.44	14.15
Arisings	8.66	9.59
Work-in-Process (WIP)	138.16	156.69
Stock in Trade - Traded Goods	62.93	267.13
	437.47	750.29
<b><u>Inventories at the beginning of the year:</u></b>		
Finished Goods (FG) at Plant	302.70	86.22
Finished Goods (FG) at Port	14.15	3.31
Arisings	9.60	7.17
Work-in-Process (WIP)	156.71	89.17
Stock in Trade - Traded Goods	267.13	222.07
	750.29	407.94
<b>Net (Increase) / Decrease in Inventories</b>	<b>312.82</b>	<b>(342.35)</b>

**NOTE 21 EMPLOYEE BENEFITS EXPENSE**

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Salaries and Wages	57.97	53.14
Contributions to Provident and Other Funds	3.88	3.52
Staff Welfare Expenses	5.65	5.34
<b>TOTAL - Employee Benefits Expense</b>	<b>67.50</b>	<b>62.00</b>

## Uttam Galva Steels Limited

The Company has provided for Unclaimed Leave Encashment Benefits as at 31<sup>st</sup> March, 2012 to the tune of ₹ 5.99 Crores.

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

### Amount to be recognised in Balance Sheet As at 31<sup>st</sup> March, 2012

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Gratuity</b>		
Present Value of Funded Obligations	12.08	9.82
Present Value of Unfunded Obligations	6.76	6.00
Fair Value of Plan Assets (managed by insurer)	5.32	3.82
<b>Net Liability</b>	<b>6.76</b>	<b>6.00</b>
Amounts in Balance Sheet		
Liability	12.08	9.82
Assets	5.32	3.82
<b>Net Liability</b>	<b>6.76</b>	<b>6.00</b>
<b>Expenses to be recognised in the Statement of P&amp;L</b>		
Current Service Cost	1.54	1.32
Interest on Defined Benefit Obligation	0.79	0.64
Expected Return on Plan Assets	(0.45)	(0.35)
Net Actuarial Losses/(Gains) recognised in Year	0.51	0.26
<b>Total, included in "Employee Benefit Expense"</b>	<b>2.39</b>	<b>1.87</b>
Actual Return on Plan Assets	0.45	0.35
<b>Reconciliation of Benefit Obligations &amp; Plan Assets For the Period</b>		
<b>Change in Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	<b>9.82</b>	<b>7.98</b>
Current Service Cost	1.54	1.32
Interest Cost	0.79	0.64
Actuarial Losses/ (Gains)	0.51	0.26
Benefits Paid	(0.58)	(0.38)
<b>Closing Defined Benefit Obligation</b>	<b>12.08</b>	<b>9.82</b>
<b>Change in Fair Value of Assets</b>		
<b>Opening in Fair Value of Plan Assets</b>	<b>3.89</b>	<b>2.84</b>
Expected Return on Plan Assets	0.46	0.34
Actuarial Gains / (Losses)	0.00	0.00
Contributions by Employer	1.46	0.91
Benefits Paid	(0.49)	(0.33)
<b>Closing Fair Value of Plan Assets</b>	<b>5.32</b>	<b>3.76</b>
<b>Principal Actuarial Assumptions (Expressed as Weighted Averages)</b>		
Discount Rate ( p.a.)	0.08	0.08
Expected Rate of Return on Assets ( p.a.)	0.09	NIL
Salary Escalation Rate ( p.a.)	0.07	0.07

### NOTE 22 OTHER EXPENSES

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Manufacturing Expenses</b>		
Power Consumption	101.91	105.64
Coal Consumed	141.29	0.00
Power Captively Consumed	(85.66)	0.00
Fuel Consumption	47.51	45.67
Water	2.54	0.86
Stores, Spares & Consumables Consumed	44.11	41.63
Repairs & Maintenance to Plant	23.74	13.45
Processing Charges	17.41	14.40
<b>TOTAL - Manufacturing Expenses</b>	<b>292.85</b>	<b>221.65</b>



<b>Selling and Distribution Expenses</b>		
International Freight	40.59	39.29
F.O.B. Expenses	14.47	13.56
Local Freight	34.77	35.45
Brokerage & Commission	3.91	9.92
Other Expenses	5.61	7.04
Packing Material Consumed	50.75	50.06
<b>TOTAL - Selling &amp; Distribution Expenses</b>	<b>150.10</b>	<b>155.32</b>
<b>Administrative Expenses</b>		
Insurance	5.52	6.94
Travelling & Conveyance	5.07	5.47
Rent, Rates & Taxes	4.39	5.47
Legal , Professional & Consultancy Charges	8.42	5.90
Repairs & Maintenance to Building	5.30	3.69
Repairs & Maintenance to others	1.84	1.63
Security charges	1.74	1.53
Other Expenses	9.36	9.51
Remuneration to CMD/DMD	3.12	3.12
Miscellaneous Expenditure Written Off / (Amortised)	(0.01)	0.01
Payment to Auditors – Audit Fees	0.35	0.31
– Taxation Matters	0.05	0.05
– Expenses Reimbursed	0.05	0.04
Loss on Sale of Fixed Assets	0.19	0.07
<b>TOTAL - Administrative Expenses</b>	<b>45.39</b>	<b>43.74</b>
<b>TOTAL - Other Expenses</b>	<b>488.34</b>	<b>420.71</b>

#### NOTE 23 FINANCE COSTS

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Interest Expense on:		
(i) Borrowings – Long Term	238.79	203.83
(ii) Borrowings – Short Term	136.30	82.11
Other Borrowing Costs (Upfront Fees)	24.35	26.06
Net Loss on Foreign Currency Transactions and Translation	8.53	38.62
Gross Interest & Financial Charges	407.97	350.62
Less : Interest & Financial Charges Charged to Capital Work-In-Progress (WIP)	146.04	132.36
<b>TOTAL - Interest &amp; Financial Charges</b>	<b>261.93</b>	<b>218.26</b>

#### NOTE 24 OTHER INCOME

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Interest income	2.53	3.34
Net Gain on Foreign Currency Transactions and Translation (other than considered as Finance Cost)	3.28	-
Other Non-Operating Income	1.81	0.47
<b>TOTAL - Other Income</b>	<b>7.62</b>	<b>3.81</b>
<b>Interest Income Received</b>		
i) From Mutual Fund	0.51	0.41
ii) On Fixed Deposit	1.89	1.30
iii) On NSC	0.01	-
iv) On Trade Receivables	0.12	1.63
<b>TOTAL - Interest Income</b>	<b>2.53</b>	<b>3.34</b>

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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 Nos., in respect of their shareholding with:

- 1) The Registrar and Share Transfer Agents viz. Universal Capital Securities Pvt. Ltd. for shares held in physical form and;
- 2) 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 send to him by post free of cost at the address registered with the Company.

**Note :** You can register your e-mail address at the Company's E-mail address: [shares@uttamgalva.com](mailto: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 date 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 (1<sup>st</sup> 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  
**27<sup>th</sup> Annual General Meeting** to be held at **11.00 a.m. on Saturday, 21<sup>st</sup> July, 2012** or adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

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 Seventh Annual General Meeting** at 11.00 a.m. on **Saturday, 21<sup>st</sup> July, 2012** 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.

Tel. No. : 022 28207203 / 05

E-mail : info@unisec.in