

**10TH
ANNUAL
REPORT
2002-2003**

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GANGOTRI IRON & STEEL COMPANY LIMITED

GANGOTRI IRON & STEEL COMPANY LIMITED

Board of Directors

Sri Ramautar Jhunjunwala
Sri Sanjeev Choudhary
Sri Aditya Dalmiya
Sri Ashok Agarwal

Chairman
Director
Director
Director

Company Secretary

Ms. Priti Somani

Auditors

ABS Associates
40, Weston Street
Calcutta 700 013

Bankers

State Bank Of India
The Federal Bank Ltd
Corporation Bank

Factory

Phulwari Shariff
Janipur Road
Patna

Regd. Office

307, Ashiana Towers
Exhibition Road
Patna

Corporate Office

16B, Shakespeare Sarani
3rd, Floor, Calcutta 700 071

**Registrar &
Share Transfer Agent**

S.K.Computers
34/1A Sudhir Chatterjee Street
Calcutta 700 006

GANGOTRI IRON & STEEL COMPANY LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the 10th Annual General Meeting of the Members of GANGOTRI IRON & STEEL COMPANY LIMITED will be held on Monday, the 29th September, 2003 at 2 P.M. at 307, Asiana Towers, Exhibition Road, Patna - 800 001, the Registered Office of the Company to transact the following business :-

Ordinary Business

1. To receive, consider and adopt the Director's Report, Audited Profit and Loss Account for the year ended 31st March, 2003 and the Balance Sheet as at that date together with the Auditor's Report thereon.
2. To appoint a Director in place of Mr. Sanjeev Choudhary who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

Special Business

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

4. "RESOLVED that Mr. Ashok Agarwal be and is hereby appointed as a director of the company whose period of office shall be liable to be determined by way of retirement of directors by rotation".

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

5. "RESOLVED that the Company do apply for voluntary delisting of the Ordinary Shares of the Company from The Calcutta Stock Exchange Association Ltd. & The Magadh Stock Exchange Association. subject to the Ordinary Shares of the company remaining listed at the Stock Exchange having nationwide trading terminal i.e. The Stock Exchange, Mumbai as referred to in Regulation 5 of the 'Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003' and further subject to other compliance(s), clearance(s) as mandated under the said Guidelines."

By order of the Board
For GANGOTRI IRON & STEEL COMPANY LTD

Calcutta, 30th June 2003

P.SOMANI
Company Secretary

GANGOTRI IRON & STEEL COMPANY LIMITED

NOTICE TO MEMBER

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxies, to be effective should be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting.
2. The Register of members and Share Transfer Register of the company will remain closed from 19th September,2003 to 29th September,2003 (both days inclusive)
3. Members are requested to notify the company immediately of any change in their address.
4. Members seeking any information with regard to Accounts are requested to write to the company at an early date so as to enable the management to keep the information ready.
5. The instrument of the share transfers, complete in all respects should reach the company prior to closure of the Register of Members as stated above.
6. Members /proxies are requested to bring with them the printed Annual Report being sent to them, along with the Notice, to avoid inconvenience.
7. The Company has listed its shares at :
 - i) The Magadh Stock Exchange Association,Ashiana Plaza, Patna – 800 001
 - ii) The Stock Exchange,Mumbai,Phiroze Jeejeebhoy Towers, Dalal Street,Mumbai-400001
 - iii) The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Calcutta – 700 001

The Company has paid up to date Annual Listing Fees to each of the above mentioned Stock Exchanges.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 4

Mr.Ashok Agarwal was appointed as an additional director of the Company w.e.f. 30.10.2002 in accordance with the provisions of Section 260 and other applicable provisions of the Companies Act, 1956. for fulfilling the requirement of Corporate Governance under clause 49 of the Listing Agreement that the board should consists of atleast 3 non-executive directors.

The Board feels that the company will be benefited by his experience and considers that Mr.Ashok Agarwal be appointed as a director of the Company.

None of the directors except Mr. Ashok Agarwal shall be deemed to be concerned or interested in this resolution.

Item No. 5

The Ordinary Shares of the Company are at present listed in India at The Magadh Stock Exchange Association, The Stock Exchange, Mumbai (BSE) and The Calcutta Stock Exchange Association Ltd.(CSE).

GANGOTRI IRON & STEEL COMPANY LIMITED

NOTICE TO MEMBERS

As per "Securities & Exchange Board of India (Delisting of Securities) Guidelines – 2003" it is open for the Company to get voluntarily delisted its securities from a Stock Exchange provided its securities continue to be listed in the Stock Exchange having a nationwide trading terminals i.e.NSE or BSE.

Since the shares of the Company is already listed and continue to be listed inter-alia at BSE, as stipulated by the aforesaid guidelines, which have trading terminals in various cities affording the investors access to trade and deal in the Company's ordinary shares across the country.

The resolution under this item is intended to obtain the approval of members for proposed delisting of ordinary shares of the Company from The Magadh Stock Exchange Association & CSE.

None of the directors of the Company is interested in the proposed resolution.

By order of the Board
For GANGOTRI IRON & STEEL COMPANY LTD

Calcutta, 30th June 2003

P.SOMANI
Company Secretary

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DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting the 10th Annual Report of your Company together with the Audited Accounts for the year ended 31st. March, 2003

Financial Results

(Rs. in lakhs)

	2002-2003	2001-02
Sales & Other Income	1260.40	1211.26
Profit before Interest & Depreciation	39.21	41.19
Interest & Other Financial Charges	12.51	20.39
Depreciation	20.41	16.53
Profit after Interest & Depreciation	6.29	4.27
Provision for Taxation	2.52	1.98
Net Profit after Tax	3.77	2.29
Balance as per last year	66.63	64.34
Balance Carried Forward	70.40	66.63

Dividend

In view of the inadequacy of profit, your Directors do not recommend any dividend for the year under review.

Working Review

The company has earned a Profit After Tax of Rs. 376,732 and has achieved growth in sales during the year under review. The erratic power supply position has affected the overall financial results for the year.

Future Prospectus

Your company is hopeful for improvements in the sales in future. Furthermore as a measure of cost control the company has shifted from Oil fired Furnace to coal based Furnace. The directors are hopeful that this would lead to better operational result in the coming year.

Public Deposit

The company has not invited /accepted any deposits from the public and as such there are no outstanding deposits, in terms of the Companies (Acceptance of Deposits) Rules, 1975.

Personnel

There is no employee in respect of whom particulars pursuant to Section 217(2A) of the Companies Act, 1956 are required to be given.

Conservation of Energy

The information relating to conservation of energy as required U/s. 217(1)(c) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure to this Report. The Company has no figure to disclose in respect of technology absorption and /or foreign exchange earning & outgo.

Management Discussion and Analysis**Business Segment-wise Performance**

Segment-wise Operational Performance is not applicable as the company is only in the business of M.S.Twisted Bars.

Outlook

The Company is in the process of introducing TMT Bars that are the order of the day at present. For this purpose it is introducing substantial amount to set up the facility. The Company foresees value addition in the product i.e. realisation of higher sale price. The Board is very optimistic in its endeavor.

GANGOTRI IRON & STEEL COMPANY LIMITED**DIRECTORS' REPORT*****Risks and Concerns***

The company is competing with iron & steel industry majors who operate in diversified markets, with multiple supply sources for whom ups and downs of prices and demand in some regions can get compensated by improved performance from other regions / areas. The major drawback is that the plant is situated in the state of Bihar and it does not operate in diversified markets.

Internal Control Systems and their Adequacy

The Company has an effective system of accounting and administrative controls, which ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition. The Company has a strong reporting system, which evaluates and forewarns the management on issues related to compliance. The performance of the Company is regularly reviewed by the Board of Directors to ensure that it is in keeping with the overall corporate policy and in line with the Company's objectives. The company's internal auditors review business process and controls in consultation with the Statutory Auditors. Significant findings are then discussed by the Audit Committee of the Board.

Personnel

The industrial relations scenario continued to be stable during the period under review. The Company has been taking various initiatives for HR development, a process that will continue in the coming years.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Sanjeev Choudhary is retiring by rotation and being eligible offers himself for re-appointment. Mr. Ashok Agarwal was appointed as an additional director of the Company w.e.f. 30.10.2002.

Dematerialisation of Shares

Pursuant to the direction of the SEBI, the trading in the shares of the company in dematerialized form has been made compulsory. The company has made arrangement for dematerialization of its share with National Securities Depository Limited. (NSDL) & Central Depository Services (India) Ltd. (CDSL). However, the members are also free to keep the shares in physical form or to hold the shares with a "Depository Participant" in demat form. The company's shares have been allotted ISIN INE437F01015.

Auditors

M/s. ABS Associates, Chartered Accountants, Auditors of the Company are retiring at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate to the effect that their re-appointment if made will be within the prescribed limit U/s.224 (1-B) of the Companies Act, 1956.

Directors' Responsibility Statement

In compliance with section 217(2AA) of the Companies Act 1956, the Directors confirm that

1. in preparation of the Annual Accounts, for the year ended 31st March 2003, all the applicable accounting standards prescribed by the ICAI have been followed .
2. the Directors have adopted such accounting policies and have applied them consistently and have made judgements and estimates in a reasonable and prudent manner so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year.
3. the Directors have taken proper and sufficient care 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 for preventing and detecting fraud and other irregularities.
4. the Directors have prepared the annual accounts on a going concern basis.

DIRECTORS' REPORT

Corporate Governance

Separate notes on Corporate Governance is annexed and marked "Annexure – A". The Auditors' Certificate on compliance with the conditions of Corporate Governance is annexed and marked "Annexure – B".

Comments on Auditors Report

The Auditors have drawn particular reference to note no. 1 & 2 to the accounts regarding non-provisions for annual minimum guarantee etc for electricity charges and fall in fair value of unquoted investment. With reference to note no.1 the company has filed a claim for power cutting, power tripping and low voltage against the annual minimum guarantee electricity charges and hence no provision has been made till settlement. Note no. 2 is self explanatory and needs no further clarifications.

Acknowledgement

Your Directors wish to place their sincere appreciation to the co-operation extended by the Bank, State Government, Customers, Suppliers and Shareholders and solicit their continued support. The Directors also wish to place on record the dedicated service rendered by the Executives, Staff and Workers.

Calcutta, 28th May, 2003

For and on behalf of the Board
Ramautar Jhunjunwala
Chairman

GANGOTRI IRON & STEEL COMPANY LIMITED**Annexure to the Directors' Report**

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

A) Power & Fuel Consumption

	2002-2003	2001-02
1. Electricity		
a) Purchased Unit (KWH)	12,35,960	1,406,540
Total Amount (Rs.)	65,55,689	7,402,412
Rate/Unit (Rs.)	5.30	5.26
2. Furnace Oil		
Qty (Ltr.)	0.00	20,193
Total Amount(Rs.)	0.00	180,027
Average Rate (Rs.)	—	8.92
3. Coal		
Qty (Kg.)	836,140	767,402
Total Amount(Rs.)	1,563,367	1,194,055
Average Rate (Rs.)	1.87	1.56

B) Consumption per unit of Production

Product	Twisted Bar	Twisted Bars
Units.(M.T.)	8769.209	7992.686
Electricity(KWH)	140.94	175.98
Furnace Oil (Ltr.)	—	63.16
Coal (Kg.)	95.00	100.00

"Annexure – A" to Directors' Report

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY

The Company philosophy of corporate governance is to enhance long-term shareholders value, achieve operational efficiencies and business results in all areas of company's operations, with compliance of all statutory and regulatory provisions. The company believes in transparency, openness and disclosure of information consistent with the business environment in which the company operates.

2. BOARD OF DIRECTORS

The strength of Board of Directors is four comprising one Whole Time Director viz. Mr.Sanjeev Kumar Choudhary and three non-executive Directors viz. Mr.Ramautar Jhunjhunwala, Mr.Aditya Dalmiya and Mr. Ashok Agarwal. The details of attendance, Directorship and Membership are given as per table shown below:

Name	Category	Attendances		Number of other directorship & Committee member/chairman		
		Board meeting	Last AGM	Other directorship	Committee membership	Committee Chairmanship
Mr.Sanjeev Choudhary	Executive	3	Yes	3	—	—
Mr.Ramautar Jhunjhunwala	Non Executive & Promoter	5	Yes	5	—	—
Mr.Aditya Dalmiya	Non Executive& Independent	5	Yes	2	—	—
Mr.Ashok Agarwal	Non Executive& Independent	3	-	—	—	—

3. AUDIT COMMITTEE

The Audit Committee consists of Directors (Shri Ramautar Jhunjhunwala, Shri Aditya Dalmiya & Shri Ashok Agarwal). The Statutory Auditors, Internal auditors and Heads of Finance, Marketing, Production and Commercial functions are invitees to the meetings.