

◀ Bihta unit under Construction



Architect and Engineers meet at Patna ▶



◀ Launching of GISCO  
THERMEX TMT Bar

**BOARD OF DIRECTORS**

Mr. Ramautar Jhunjunwala	Chairman
Mr. Sanjiv Kumar Choudhary	Whole Time Director
Mr. Aditya Dalmiya	Director
Mr. Ashok Agarwal	Director
Mr. Debabrata Banerjee	Director
Mr. Narendra Kumar Jaiswal	Director
Mr. Debabrata Mukherjee	Director

**COMPANY SECRETARY**

Ms. Priti Somani

**AUDITORS**

M/s ARSK & Associates  
10, Middleton Street  
2nd Floor, Kolkata - 700 071

**BANKERS**

State Bank of India, Commercial Branch, Patliputra, Patna  
The Federal Bank Ltd., Kolkata  
IDBI Bank Ltd., Patna  
Standard Chartered Bank, Patna

**FACTORY**

Phulwari Shariff  
Nayatola, Patna

**REGISTERED OFFICE**

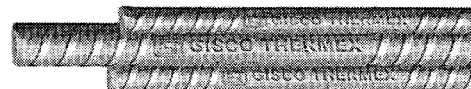
307, Ashiana Towers  
Exhibition Road  
Patna - 800 001

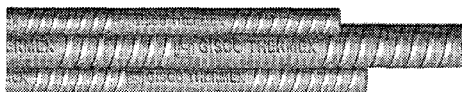
**CORPORATE OFFICE**

16B, Shakespeare Sarani  
3rd Floor, Kolkata - 700 071

**REGISTRAR & SHARE TRANSFER AGENT**

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





## NOTICE TO MEMBERS

**NOTICE** is hereby given that the **14th Annual General Meeting** of the Members of **GANGOTRI IRON & STEEL COMPANY LIMITED** will be held on Friday, the **28th September, 2007 at 2.00 P.M.**, at **307, Ashiana 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 Audited Balance Sheet as at 31st March, 2007 Profit and Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint Directors in place of Mr. Aditya Dalmiya and Mr. Debabrata Banerjee, who retires by rotation and, being eligible, offer themselves for re-appointment.
4. To appoint Auditors and fix their remuneration.

### Special Business

1. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :  
 "RESOLVED THAT pursuant to Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby approves the appointment of and remuneration payable to Mr. Sanjiv Kumar Choudhary presently a Whole Time Director as the Managing Director of the Company for a period of five years with effect from 1st July, 2007, on the terms and conditions including remuneration as are set out in the explanatory statement to this resolution with liberty to the Board of Directors to alter or vary the terms and conditions of the said appointment in such manner as it may deem fit in the best interests of the Company so as not to exceed the limits in that behalf contained in Schedule XIII to the said Act."

"RESOLVED FURTHER THAT where in any financial year, the Company has no profit or its profits are inadequate, the Company may pay Mr. Sanjiv Kumar Choudhary remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limit specified under Section 11 of Part II of Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, commission, perquisites and other allowances within such prescribed limit or ceiling without any further reference to the Company in general meeting."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary, proper or expedient to give effect to this resolution."

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

**Priti Somani**  
Company Secretary

Kolkata, 16th August, 2007

### NOTES :

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 24th September, 2007 to 28th September, 2007 (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) Bombay Stock Exchange Ltd., 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
- iii) The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Kolkata - 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. 1**

Keeping in view of the additional responsibilities and duties because of the new unit being set up at Bihta the Board of Directors of the Company at its meeting held on 16th August, 2007, subject to the approval of the members in the Annual General Meeting, approved the terms and conditions of appointment and remuneration payable to Mr. Sanjiv Kumar Choudhary, being designated as Managing Director of the Company w.e.f. 1st July, 2007, for a period of five years as under :

- Salary : Rs. 80,000/- per month.
- In addition to the salary, he shall also be entitled to perquisites which would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, use of Company cars, medical and personal accident insurance and other benefits, amenities and facilities. The expenditure on such perquisites shall be valued as per Income Tax Act, 1961.

Requisite particulars in respect of Mr. Sanjiv Kumar Choudhary is as under :

Mr. Sanjiv Kumar Choudhary, aged 44 years is a Commerce Graduate from Calcutta University with an experience of 24 years in diverse business activities. He is associated with iron and steel industry for the last 14 years.

Mr. Sanjiv Kumar Choudhary is interested or concerned in the resolution to the extent of the remuneration relating to his appointment as Managing Director of the Company.

The Explanatory Statement together with the accompanying notice is and may be treated as an abstract of the terms of appointment and memorandum of interest under Section 302 of the Companies Act, 1956.

The Board of Directors commend the resolution for your approval.

By order of the Board

For **GANGOTRI IRON & STEEL COMPANY LTD.**

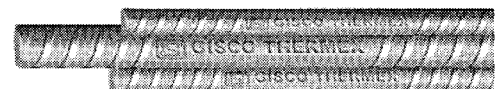
**Priti Somani**

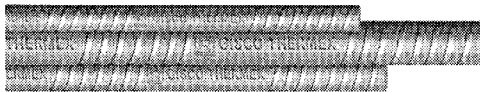
Company Secretary

Kolkata, 16th August, 2007

#### **Information as required under clause 49 IV (G)(i) of the Listing Agreement in respect of Directors retiring by rotation and being proposed to be reappointed.**

- 1) Name of the Director : Mr. Aditya Dalmiya  
 Date of Birth : 25.04.1961  
 Date of Appointment : 22.02.2002  
 Expertise in specific functional areas : Mr. Aditya Dalmiya a commerce graduate & PGDBM, is a businessman and is working as partner and director in different concerns engaged in the business of C & F Agent of Castrol, Eternit Everest, Monsanto Chemicals, Lafarge India etc., stockist and distributor of cement, steel, water proofing chemicals, real estate development at Patna and Kolkata and in software development and IT business.  
 List of other Directorship held : Tara Ispat Ltd., and other private limited companies.
- 2) Name of the Director : Mr. Debabrata Banerjee  
 Date of Birth : 26.09.1955  
 Date of Appointment : 20.08.2005  
 Expertise in specific functional areas : Mr. Debabrata Banerjee is a Bachelor in Law from Calcutta University. He is a practising advocate for the last 26 years having specialization in Income Tax and property matters.





## DIRECTORS' REPORT

### *To The Members*

The Directors have pleasure in presenting the 14th Annual Report of the Company, together with the Audited Accounts, for the year ended 31st March, 2007.

#### 1. Financial Results

(Rs. in Lacs)

	2006-2007	2005-2006
Sales & Other Income	3931.31	2798.46
Profit before Interest & Depreciation	287.47	204.29
Less : Interest & Other Financial Charges	66.81	37.40
Less : Depreciation	76.24	55.86
Profit after Interest & Depreciation	144.42	111.03
Less : Provision for Taxation	(46.16)	(25.23)
Less : Fringe Benefit Tax	(1.36)	(1.62)
Add/(Less) : Deferred Tax	7.32	(6.29)
Add : Excess provision of Income Tax	0.07	0.02
<b>Net Profit/(Loss) after Tax</b>	<b>104.29</b>	<b>77.91</b>
Balance as per last year	127.86	78.32
Less : Appropriations		
Interim Dividend (Proposed to be final)	21.58	24.88
Tax on Dividend	3.03	3.49
<b>Balance Carried Forward</b>	<b>207.54</b>	<b>127.86</b>

#### 2. Operations

During the year under review the production of M.S. Bar was 16667 MT as against 12769 MT in the previous year representing an increase of 31%. Total Income, Profit before Tax and Profit after Tax have increased by 40%, 30% and 34% respectively, compared to previous year ended on 31.03.2006. This was achieved due to operational efficiencies despite several adverse factors, particularly substantial increase in prices of inputs and enhanced competition.

#### 3. Future Prospects

Your Company throughout pursues the philosophy of enhancing customer satisfaction and all stakeholders values. The Company has taken necessary steps in the direction of building GISCO brand by continued emphasis on publicity in electronic media and arranging various meets with Engineers and Masons. The Company has acquired 14 acres of land at Bihta, 35 Kms. from Patna. Various development works were completed on that land at substantial costs. The Company has appointed leading consultant M/s VMS Engineering & Design Services (P) Ltd. of Ahmedabad as their civil and structural consultants for the unit on the said land. Based on the design and drawing furnished by them, and in conjunction with the parameters of the equipment suppliers, the structural work is in full progress. Your Directors believes that the various factory sheds shall be ready within September 2007 assuming favourable monsoon condition. Orders for most of the machinery and equipments have already been placed with leading suppliers.

The Company hopes to start the commercial production at the new unit by the end of this calendar year. The Company contemplates to manufacture 300 MT of GISCO Thermex TMT Bars and Wire Rods at the new unit and thus improve the value of stakeholders.

#### 4. Management Discussion and Analysis

##### **Business Segment-wise Performance**

The Company's business consists production of Twisted and TMT M.S. Bar and it falls under single segment. Hence Segment wise operational performance is not applicable.

### **Outlook**

As you all know, our country's economy is growing exceedingly well and, therefore, it is hoped that the consumption of steel will also grow correspondingly and significantly. The profitability of the Industry, particularly SME's, would be dependant upon supporting infrastructure like quality power, good roads, unhindered supply of raw materials, increase in demand for housing and favourable weather conditions. Over the years, secondary producers like us have made a significant contribution to the growth of the national economy. We hope that the secondary steel segment would continue to remain a driver in the future growth of the Steel Industry and as well as the Nation's Economy.

### **Risks and Concerns**

It is apparent that with the strong demand for steel, the demand for raw materials will also go up which is a matter of concern, particularly if there is a shortage of raw material and fierce competition between the producers. It has been observed that in Bihar, during monsoon, flood like situation occurs oftenly, which affects supply of raw materials, production and transportation of finished products. As a consequence of which, the profitability of the industry may be affected. To overcome these concerns the Company would take necessary steps to improve its competitiveness in terms of product costs, range and quality and is preparing itself to meet the challenge.

### **Internal Control Systems and their Adequacy**

There exists a proper and adequate internal control system in the Company for all its activities including safeguarding and protecting its assets against any loss from its unauthorized use or disposition. All transactions are properly documented, authorized, recorded and reported correctly. The above control is further supplemented by exhaustive scope of internal audit that is carried out by internal auditors. The policies, procedures and internal controls are further reviewed by the Audit Committee of Board of Directors on periodical basis.

### **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. Your Company organises Architects and Masons meets on a regular basis in various areas where it markets its products. These meets are very well attended and have resulted in better demand for its products apart from popularising its brand image.

### **5. Dividend**

Dividend aggregating to Rs. 21.58 Lacs @ 5% per equity shares of Rs. 10 each has been paid by the Company as interim dividend for the year 2006-07. To utilise the resources for the setting up of the new unit, your Directors recommend that the interim dividend be fully adjusted as final dividend for the year ended on 31st March, 2007.

### **6. Finance**

During the year, the Company raised credit facilities in Indian currency to the tune of Rs. 53.91 Crores (total of all advance limits) by way of overdrafts, cash credits, issuing of guarantees, including deferred payment guarantees and indemnities, negotiation and discounting of demand and/or usance bills and cheques, inland as well as foreign and such other facilities from State Bank of India, Commercial Branch, Patliputra, Patna for the existing and the upcoming Bihta unit.

### **7. Directors**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Aditya Dalmiya and Mr. Debabrata Banerjee are retiring by rotation and being eligible, offers themselves for re-appointment.

### **8. Directors' Responsibility Statement**

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

- in preparation of the Annual Accounts, for the year ended 31st March 2007, all the applicable accounting standards prescribed by the ICAI have been followed.
- the Directors have adopted such accounting policies and have applied them consistently and have made judgments 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.
- 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.
- the Directors have prepared the annual accounts on a going concern basis.



**9. Auditors**

M/s. ARSK & 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 under Section 224 (1-B) of the Companies Act, 1956.

**10. Depository System**

As the members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has connectivity with both the depositories, i.e. National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL). Members are requested to avail the facility of dematerialisation of the Company's shares on either of the Depositories as aforesaid, if not already done.

**11. Voluntary Delisting of the Company's Equity Shares from the Stock Exchanges at Calcutta & Magadh**

Consequent upon the approval of members at the Annual General Meeting held on September 29, 2003 and in pursuance of the delisting guidelines issued by SEBI, the Company has applied for delisting of shares. The delisting will not adversely affect the members of the Company as the equity shares continue to be listed on Bombay Stock Exchange Ltd. The Company hereby unconditionally and irrevocably undertakes to keep indemnified and harmless The Calcutta Stock Exchange Association Ltd. and The Magadh Stock Exchange Association, its officials against any action, claim, causes, proceedings, demands, whatsoever which may arise on account of voluntary delisting.

**12. 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.

**13. 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.

**14. Conservation of Energy**

The information relating to conservation of energy as required U/s. 217(1)(e) 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 - A to this Report. The Company has no figure to disclose in respect of technology absorption and/or foreign exchange earning and outgo.

**15. Industrial Relations**

The relations between the employees, workers and the management were cordial and an atmosphere of understanding prevailed throughout the year.

**16. Social Welfare Activities**

The Company organises mason's meet from time to time at various centers and provides Personal Accident Cover to the masons attending the meeting under arrangement with Oriental Insurance Company.

**17. Corporate Governance**

Separate Report on Corporate Governance is annexed and marked "Annexure - B". The Auditors' Certificate on compliance with the conditions of Corporate Governance is annexed and marked "Annexure - C".

**18. Acknowledgement**

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

For and on behalf of the Board

**Ramautar Jhunjunwala**  
Chairman

Kolkata, 29th June, 2007



**"Annexure - A" 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**

	<b>2006-07</b>	<b>2005-06</b>
	<b>M.S.Bar</b>	<b>M.S.Bar</b>
1. Electricity		
a) Purchased Unit (KWH)	1959605	1270577
b) Total Amount (Rs.)	1,22,47,972	87,55,159
c) Rate/Unit (Rs.)	6.25	6.89
2. Coal		
a) Quantity (Kg.)	1323090	1023782
b) Total Amount (Rs.)	43,21,941	24,80,172
c) Average Rate (Rs.)	3.27	2.42

**B) Consumption per unit of Production**

<b>Product</b>	<b>M.S.Bar</b>	<b>M.S.Bar</b>
a) Units (M.T.)	16667.122	12769.03
b) Electricity (KWH)	117.57	99.50
c) Coal (Kg.)	79.38	80.18

**"Annexure - B" to the Directors' Report****Report on Corporate Governance****1. COMPANY'S PHILOSOPHY**

The Company's 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 seven comprising Mr. Ramautar Jhunjunwala, Chairman, Mr. Sanjiv Kumar Choudhary, Whole Time Director, Mr. Aditya Dalmiya, Mr. Ashok Agarwal, Mr. Debabrata Banerjee, Mr. Narendra Kumar Jaiswal & Mr. Debabrata Mukherjee. Total number of Board meetings held during the year were 5 and the dates are as follows: 30.06.06, 31.07.06, 31.10.06, 31.01.07 & 09.02.07. The details of attendance, Directorship and Membership are given as per table shown below :

<b>Name</b>	<b>Category</b>	<b>Attendance</b>		<b>Number of other directorship &amp; Committee member/chairman</b>		
		<b>Board Meeting</b>	<b>Last AGM</b>	<b>Other directorship</b>	<b>Committee membership</b>	<b>Committee Chairmanship</b>
Mr. Ramautar Jhunjunwala	Non Executive & Promoter	5	Yes	5	—	—
Mr. Sanjiv Kumar Choudhary	Executive	4	Yes	5	—	—
Mr. Aditya Dalmiya	Non Executive & Promoter	3	Yes	3	—	—
Mr. Ashok Agarwal	Non Executive & Promoter	3	Yes	—	—	—
Mr. Debabrata Banerjee	Non Executive & Independent	4	Yes	—	—	—
Mr. Narendra Kumar Jaiswal	Non Executive & Independent	3	Yes	—	—	—
Mr. Debabrata Mukherjee	Non Executive & Independent	5	Yes	—	—	—



### 3. AUDIT COMMITTEE

The Audit Committee consists of Directors Mr. Ramautar Jhunjunwala, Mr. Debabrata Banerjee, Mr. Ashok Agarwal & Mr. Narendra Kumar Jaiswal and the Company Secretary as the secretary of the audit committee. The Statutory Auditors, Internal Auditors and Heads of Finance, Marketing, Production and Commercial functions are invitees to the meetings. During the financial year ended 31.03.2007 four meetings were held on 29.06.06, 29.07.06, 30.10.06 & 29.01.07.

The Composition of the Audit Committee and attendance at its meeting is given hereunder :

Name	Position	Category	Attendance
Mr. Debabrata Banerjee	Chairman	Independent & Non Executive	4
Mr. Ramautar Jhunjunwala	Member	Non Executive	4
Mr. Ashok Agarwal	Member	Independent & Non Executive	4
Mr. Narendra Kumar Jaiswal	Member	Independent & Non Executive	3

### 4. REMUNERATION COMMITTEE

There is no remuneration committee as there is only one Whole Time Director, whose terms are approved by members of the Company. He is being paid a remuneration of Rs. 50,000/- p.m. Sitting fees is being paid @ Rs. 1,000/- per meeting to all the Directors other than the Whole Time Director.

Details of Number of shares and convertible instruments held by Non-Executive Directors of the Company is given below :

Name	Number of Equity Shares	Number of Convertible Warrants
Mr. Ramautar Jhunjunwala	21,100	1,00,000
Mr. Aditya Dalmiya	1,000	NIL

### 5. INVESTORS/SHAREHOLDERS GRIEVANCE COMMITTEE

The Committee consists of Mr. Ramautar Jhunjunwala and Mr. Ashok Agarwal, with the Company Secretary as the Compliance Officer. No transfers were pending at the end of the financial year.

During the year under review 5 shareholders complaints were received and all of them were resolved to the satisfaction of the shareholders, hence there were no pending complaints at the year-end.

### 6. GENERAL BODY MEETINGS

AGM No.	Date	Time	Venue
11th AGM	29.09.2004	2.00 P. M.	307, Ashiana Towers, Exhibition Road, Patna - 800001
12th AGM	30.09.2005	2.00 P. M.	307, Ashiana Towers, Exhibition Road, Patna - 800001
13th AGM	08.09.2006	2.00 P. M.	Bihar Industries Association, Industry House Sinha Library Road, Patna - 800001

Number of special resolutions passed in previous 3 AGMs :

AGM No.	No. of Special Resolutions passed
11th AGM	NIL
12th AGM	2 (Two)
13th AGM	NIL

No resolutions were put through postal ballot during the year 2006-2007 and presently there is no proposal for passing any resolution through postal ballot in the ensuing AGM.

### 7. DISCLOSURES

There are no materially significant transactions with related parties, viz., promoters, directors or the management or relatives etc. that may have a potential conflict with the interests of the Company. Suitable disclosures as required by the Accounting Standard (AS - 18) and others have been made in the Annual Accounts.

Some part payments were received during the year from the allottees to whom preferential convertible warrants were allotted in the previous year and the same were utilised for permissible purposes and for the new unit at Bihta.