



दुनिया GISCO लोहा माने

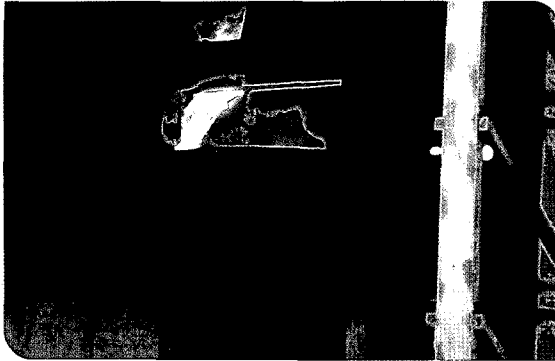


16th Annual Report 2009

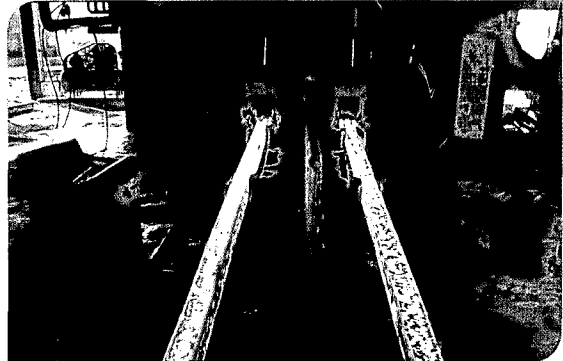
GANGOTRI IRON & STEEL CO. LTD.

[www.reportjunction.com](http://www.reportjunction.com)

## NEW UNIT AT BIHTA



15 Tonne Capacity Laddle carrying molten material to CCP



Continuous Casting Plant at Bihta

### INAUGURATION OF THE NEW UNIT AT BIHTA BY HON'BLE DEPUTY CHIEF MINISTER OF BIHAR SHRI SUSHIL KUMAR MODI AND OTHER DIGNITARIES



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Ramautar Jhunjhunwala	<i>Chairman</i>
Mr. Sanjiv Kumar Choudhary	<i>Managing Director</i>
Mr. Aditya Dalmiya	<i>Director</i>
Mr. Ashok Agarwal	<i>Director</i>
Mr. Debabrata Banerjee	<i>Director</i>
Mr. Narendra Kumar Jaiswal	<i>Director</i>

### COMPANY INFORMATION

#### COMPANY SECRETARY

Ms. Priti Somani

#### AUDITORS

M/s. ARSK & Associates  
22, R. N. Mukherjee Road  
3rd Floor, Kolkata - 700 001

#### BANKERS

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

#### FACTORY

Phulwari Shariff, Nayatola  
Patna - 801 505

Vill : Mahadavpur, Near Reliance Petrol Pump  
Phulari, Bihta, Patna - 801 103

#### 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

#### WEBSITE

www.giscotmt.com

#### E-MAIL ID FOR INVESTORS

gangotriironsteel@rediffmail.com

### CONTENTS

Notice	2	Profit & Loss Account	17
Directors' Report	4	Cash Flow Statement	18
Report on Corporate Governance	8	Schedules	19
Auditors' Report	13	Balance Sheet Abstract	34
Balance Sheet	16		

**GANGOTRI IRON & STEEL CO. LTD.**

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**NOTICE**

**TO MEMBERS**

NOTICE is hereby given that the **16th Annual General Meeting** of the Members of **GANGOTRI IRON & STEEL COMPANY LIMITED** will be held on Wednesday, the **30th September, 2009 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, 2009 Profit and Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To appoint Directors in place of Mr. Ramautar Jhunjhunwala and Mr. Ashok Agarwal, who retires by rotation and, being eligible, offer themselves for re-appointment.
3. To appoint Auditors and fix their remuneration.

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

Kolkata, 28th August, 2009

**Priti Somani**  
Company Secretary

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**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 25th September, 2009 to 30th September, 2009 (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.

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

Kolkata, 28th August, 2009

**Priti Somani**  
Company Secretary

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**NOTICE** (Contd.)

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. Ramautar Jhunjhunwala
  - Date of Birth : 09.04.1935
  - Date of appointment : 07.12.1992
  - Qualification : B.Sc, L.L.B., PGDBM
  - Expertise in specific functional areas : Mr. Ramautar Jhunjhunwala is the Chairman and non- executive director of the Company. He is having a work experience of 54 years out of which 20 years as the CEO of M.L.Dalmiya & Co., a leading construction Company of India involved in successful implementation of civil & structural engineering contracts in India & outside India to mention a few like Ravindra Sadan, Airtel Hotel, New Terminal Building, Calcutta Hospital, Assembly of God Church Building etc., in Kolkata, Factory Building in Hindustan Aeronautic Ltd. at Sunabeda, Orissa, TV tower for AIR, Jalandhar, Tall Thermal Chimneys for WBSEB, HSEB etc, & Hulule Airport at Maldives. He is a member of Cricket Association of West Bengal since 1987 till date.
  - List of other Directorship held : Gangotri Electrocastings Ltd., Tara Ispat Ltd., Gangotri Industries Ltd., and other private limited companies.
  - Number of shares held : 2,08,600 fully paid up shares of Rs. 10/- each (out of which 87,500 shares in the capacity of Karta) and 1,70,000 shares of Rs. 10/- each, Rs. 5/- paid up (out of which 70,000 shares in the capacity of Karta).
  - Relationship with other Directors : Not related to any other Director
- 2) Name of the Director : Mr. Ashok Agarwal
  - Date of Birth : 10.11.1962
  - Date of appointment : 30.10.2002
  - Qualification : B.Com
  - Expertise in specific functional areas : Mr. Ashok Agarwal, aged 46 years is a commerce graduate with solid business background. He is associated with the Company for the last 6 years as an independent, non-executive director.
  - List of other Directorship held : Nil
  - Number of shares held : Nil
  - Relationship with other Directors : Not related to any other Director

## GANGOTRI IRON &amp; STEEL CO. LTD.

## DIRECTORS' REPORT

*To The Members*

The Directors have pleasure in presenting the 16th Annual Report of the Company, together with the Audited Accounts, for the year ended 31st March, 2009.

**1. Financial Results**

(Rs. in Lacs)

	2008-2009	2007-2008
Sales & Other Income (net)	4967.41	3778.46
Profit before Interest & Depreciation	400.15	270.22
Less: Interest & Other Financial Charges	139.58	64.19
Less: Depreciation	80.63	54.52
Profit before tax and exceptional items	179.94	151.51
Add / (Less): Exceptional items	2.16	(6.46)
Profit before tax and after exceptional items	182.10	145.05
Less: Provision for Taxation	(21.49)	(49.59)
Less: Fringe Benefit Tax	(1.86)	(2.13)
Less: Deferred Tax	(54.40)	(7.07)
<b>Net Profit after Tax</b>	<b>104.35</b>	<b>86.26</b>
Balance as per last year	293.80	207.54
<b>Balance Carried Forward</b>	<b>398.15</b>	<b>293.80</b>

**2. Operations**

During the year under review the total income and profit after tax have increased by 31% and 21% respectively compared to previous year ended on 31.03.2008.

During the year the new unit at Bihta was inaugurated on 11.01.2009 by Hon'ble Deputy Chief Minister of Bihar Shri Sushil Kumar Modi in the presence of MLA's and other dignitaries of Bihar. Some teething trouble was faced in the initial period and eventually the commencement of commercial production was delayed a bit. However the commercial production commenced although at part capacity from March 2009.

**3. Future Prospects**

The product manufactured in the new unit has been well received in the market as far as quality is concerned. The Company is hopeful that the various steps taken by the Government of Bihar for economic and infrastructural development will increase the demand of Company's product and it will not face much problem in marketing it's product in future and particularly when the capacity production is achieved.

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

The company's operation comprises of M.S.Bar and M.S.Billet that falls under one segment. Hence Segment wise operational performance is not applicable.

**Outlook**

The steel industry is subject to cyclical swings on account of excessive capacity expansion and unpredictable demand swings. This sector was also affected due to global economic crisis and from the second half of the financial year the demand was substantially contracted due to construction slowdown. The Company has widened it's marketing network and the products are being sold in some locations of Uttar Pradesh, in addition to the various areas of Bihar being served earlier.

## DIRECTORS' REPORT (Contd.)

### Risks and Concerns

In view of the sharp expansion in capacity of similar products fierce competition is likely to continue affecting the profitability of the Company. However in view of ambitious programme taken by the Government of Bihar, improvement of law and order situation and sign of overall economic improvement, the demand is likely to improve, although the profitability is likely to be tight due to increased cost of raw materials and extreme competitiveness in the market.

### Internal Control Systems and their Adequacy

There exists an internal audit system during the year under review, which needs to be strengthened for being commensurate with the size and nature of business.

### Human Resource Development / Industrial Relations

The Company has been taking various initiatives for HR development, a process that will continue in the coming years. Your Company organizes 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 popularizing its brand image.

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

### 5. Dividend

In order to conserve resources of the Company, no dividend has been declared for the financial year under review.

### 6. Finance

During the year, the Company availed credit facilities by way of overdrafts, cash credits, issuance 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 and other private bodies for the existing and Bihta unit.

### 7. Rights Issue

The Company came out with rights issue of 6153680 equity shares of Rs.10/- each for cash at a price of Rs.20/- each including a premium of Rs.10/- per equity share aggregating to an amount not exceeding Rs.1230.74 Lacs to the equity shareholders on rights basis in the ratio of 4 equity shares for every 5 equity shares held on record date i.e. 20.03.09. The issue price for the equity share payable in two instalments: 50% on application & 50% on call within 12 months. Pursuant to this the board at its meeting held on 12.05.09 allotted 5719694 partly paid up equity shares (presently paid up Rs.5/- towards share capital & Rs.5/- towards share premium) aggregating to Rs.571.97 Lacs.

The net proceeds have been utilized for repayment of unsecured loan and for purchase of long term capital goods for the Bihta unit.

### 8. Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ramautar Jhunjhunwala and Mr. Ashok Agarwal are retiring by rotation and being eligible offers themselves for re-appointment.

### 9. 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 2009, 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.



**GANGOTRI IRON & STEEL CO. LTD.****DIRECTORS' REPORT** (Contd.)

- c) 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.
- d) the Directors have prepared the annual accounts on a going concern basis.

**10. 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 u/s.224 (1-B) of the Companies Act, 1956.

**11. 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.

**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. 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.

**16. 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".

**17. 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

**Sanjiv Kumar Choudhary**  
Managing Director

**Aditya Dalmiya**  
Director

Kolkata, 28th August, 2009



## ANNEXURE TO THE DIRECTORS' REPORT

## "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

Particulars	2008-09	2007-08
<b>A) Power &amp; Fuel Consumption</b>		
1. Electricity		
a) Purchased Unit (KWH)	13659000	1930500
b) Total Amount (Rs.)	6,72,23,685	1,42,15,696
c) Rate/Unit (Rs.)	4.92	7.36
2. Coal		
a) Qty (Kg.)	1717008	1378184
b) Total Amount (Rs.)	51,15,495	44,65,019
c) Average Rate (Rs.)	2.98	3.24
3. Coke		
a) Qty (Kg.)	95500	-
b) Total Amount (Rs.)	17,16,047	-
c) Average Rate (Rs.)	17.97	-
<b>B) Consumption per unit of Production</b>		
<b>Product</b>		
a) Units (M.T.)		
- M.S. Bars	19665.314	17374.651
- M.S. Billet	8887.075	-
b) Electricity (KWH)	478.38	111.11
c) Coal (Kg.)	60.14	79.32
d) Coke (kg.)	3.34	-

## GANGOTRI IRON &amp; STEEL CO. LTD.

**ANNEXURE TO THE DIRECTORS' REPORT** (Contd.)**"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 six comprising Mr. Ramautar Jhunjunwala, Chairman, Mr. Sanjiv Kumar Choudhary, Managing Director, Mr. Aditya Dalmiya, Mr. Ashok Agarwal, Mr. Debabrata Banerjee & Mr. Narendra Kumar Jaiswal. Total no. of. Board meetings held during the year were 12 and the dates are as follows: 16.04.08, 22.05.08, 16.08.08, 02.09.08, 29.09.08, 31.10.08, 28.11.08, 18.01.09, 31.01.09, 28.02.09, 05.03.09 & 16.03.09. The details of attendance, Directorship and Membership are given as per table shown below :

Name	Category	Attendance		Number of other Directorship & Committee Member/Chairman		
		Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. Ramautar Jhunjunwala	Non-Executive & Promoter	12	Yes	6	—	—
Mr. Sanjiv Kumar Choudhary	Executive & Promoter	9	Yes	8	—	—
Mr. Aditya Dalmiya	Non-Executive & Promoter	10	Yes	4	—	—
Mr. Ashok Agarwal	Non-Executive & Independent	8	Yes	—	—	—
Mr. Debabrata Banerjee	Non-Executive & Independent	5	No	—	—	—
Mr. Narendra Kumar Jaiswal	Non-Executive & Independent	6	Yes	—	—	—
Mr. Debabrata Mukherjee **	Non-Executive & Independent	4	No	—	—	—

\*\* Mr. Debabrata Mukherjee resigned w.e.f. 15.02.2009

**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 31.03.2009 five meetings were held on 28.04.08, 25.07.08, 01.09.08, 30.10.08 & 30.01.09.

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

Name	Position	Category	Attendance (2008-09)
Mr. Debabrata Banerjee	Chairman	Independent & Non-Executive	5
Mr. Ramautar Jhunjunwala	Member	Non Executive	5
Mr. Ashok Agarwal	Member	Independent & Non-Executive	4
Mr. Narendra Kumar Jaiswal	Member	Independent & Non-Executive	2

**4. REMUNERATION COMMITTEE**

There is no remuneration committee as there is only one Managing Director, whose terms are approved by members of the Company. He is being paid a remuneration of Rs. 80,000/- p.m. Sitting fees is being paid @ Rs. 1000/- per meeting to all the directors other than the Managing Director.

The total remuneration paid to the Managing Director is as follows:

Salaries, allowances, exgratia etc.	Rs. 960000/-
Perquisites	Rs. 70508/-
<b>TOTAL</b>	<b>RS. 1030508/-</b>