

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Sanjiv Kumar Choudhary	<i>Chairman-cum-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>
Mr. Ankit Choudhary	<i>Director</i>

### COMPANY INFORMATION

#### COMPANY SECRETARY

Ms. Puja Gupta

#### 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  
HDFC Bank, Exhibition Road, Patna

#### FACTORY

Phulwari Shariff, Nayatola  
Patna - 801 505

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

#### REGISTERED OFFICE

307, Ashiana Towers  
Exhibition Road  
Patna - 800 001

#### REGISTRAR & SHARE TRANSFER AGENT

S. K. Infosolution Pvt. Ltd.  
34/1A, Sudhir Chatterjee Street  
Kolkata - 700 006

#### WEBSITE

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

#### E-MAIL ID FOR INVESTORS

[cs@giscotmt.com](mailto:cs@giscotmt.com)

### CONTENTS

Notice	2	Profit & Loss Account	20
Directors' Report	6	Cash Flow Statement	21
Report on Corporate Governance	10	Notes on Financial Statement	22
Auditors' Report	15		
Balance Sheet	19		

## **NOTICE**

### **TO THE MEMBERS**

NOTICE is hereby given that the 19th Annual General Meeting of the Members of GANGOTRI IRON & STEEL COMPANY LIMITED will be held on Saturday, the 29th September 2012 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 made as at 31st March, 2012 and the Profit & Loss Account for the year ended on that date together with the schedules and annexure along with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Aditya Dalmiya and Mr. Ashok Agarwal, retiring by rotation and, being eligible, offer themselves for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

### **SPECIAL BUSINESS**

4. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:-  
"RESOLVED THAT Mr. Ankit Choudhary who was appointed by the Board of Directors as an Additional Director of the Company with effect from 22.05.2012 and who holds office only up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation."
5. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:-  
"RESOLVED THAT pursuant to Section 269 and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded for the appointment of Mr. Sanjiv Kumar Choudhary, presently the Managing Director of the Company, as Chairman of the Company and to designate him as Chairman-cum- Managing Director of the Company with effect from 03.09.2012 and he shall remain as Chairman unless otherwise decided by the Board."
6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special resolution :-  
"RESOLVED THAT pursuant to Section 269 and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded for the re-appointment of Mr. Sanjiv Kumar Choudhary as the Managing Director of the Company for a period of next five years w.e.f 1st July, 2012, on the remuneration, as set out in the Explanatory Statement 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 II 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 of the Company on the recommendation of the Remuneration Committee hereby decided that Mr. Sanjiv Kumar Choudhary shall get the same remuneration as fixed by the Board in his previous agreement in this regard. The details of the agreement has been set out in the Explanatory Statement."  
  
"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.**

Place : Patna  
Date : 3rd September, 2012

**Ms. Puja Gupta**  
Company Secretary

## NOTICE (Contd.)

### 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 Member and Share Transfer Register of the Company will remain closed from 24th September 2012 to 29th September, 2012 (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 the 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 notice, to avoid inconvenience.
7. An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 4, 5 and 6 of the notice is given hereto.

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

#### Item No. 4

Mr. Ankit Choudhary was appointed as an Additional Director by the Board of Director w.e.f. May 22, 2012 in accordance with the provisions of Section 260 of the Companies Act, 1956.

Pursuant to Section 260 of the Companies Act, 1956 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing his candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

Mr Ankit Choudhary has completed his MBA from the University of Pittsburgh, USA, in Operations and Strategy Concentrations. He is young, dynamic and focused. The Board feels that presence of Mr. Ankit Choudhary on the Board is desirable and would be beneficial to the company and hence recommends resolution in item No.4 for adoption.

Mr. Sanjiv Kumar Choudhary, Chairman Cum Managing Director, is concerned or interested in the resolution being related to Mr. Ankit Choudhary.

The Board recommends resolutions under Item No. 4 to be passed as an ordinary resolution.

#### Item No. 5

The Board of the Company at its meeting held on 3rd September, 2012 resolved to appoint Mr. Sanjiv Kumar Choudhary, presently Managing Director of the company, as the Chairman of the Company and to designate him as Chairman-cum-Managing Director of the Company with effect from 3rd September, 2012. Board of Directors on the recommendation of Remuneration Committee has recommended that there shall be no change in terms of the Remuneration payable to Mr. Sanjiv Kumar Choudhary for his new designation and he shall get the same remuneration as fixed by the Committee for the Designation of Managing Director.

Mr. Ankit Choudhary, Director, is concerned or interested in the resolution being related to Mr. Sanjiv Kumar Choudhary.

The Board recommends resolutions under Item No. 5 to be passed as an ordinary resolution.

## **NOTICE**

### **Item No. 6**

The Board of Directors of the Company at its meeting held on 03rd September, 2012 subject to the approval of the members in the Annual General Meeting, approved the terms and conditions of re-appointment and remuneration payable to Mr. Sanjiv Kumar Choudhary, being designated as Managing Director of the Company w.e.f 1st July, 2012, for a period of next 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 49 years is a Commerce Graduate from Calcutta University with an experience of 29 years in diverse business activities. He is associated with iron and steel industry for the last 19 years.

Mr. Sanjiv Kumar Choudhary is interested or concerned in the resolution to the extent of the remuneration relating to his re-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.

Mr. Ankit Choudhary, Director, is concerned or interested in the resolution being related to Mr. Sanjiv Kumar Choudhary.

The Board recommends resolutions under Item No. 6 to be passed as a special resolution.

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

Place : Patna  
Date : 3rd September, 2012

Ms. **Puja Gupta**  
Company Secretary

### **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, Jaypee Cement 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.                                                                                                                                                                                                                                                                                                                                                    |
| Number of shares held                  | : | NIL                                                                                                                                                                                                                                                                                                                                                                                                      |
| Relationship with other Directors      | : | Not related to any other Director                                                                                                                                                                                                                                                                                                                                                                        |

**NOTICE** *(Contd.)*

- 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 50 years is a commerce graduate with sound business background. He is associated with the Company for last 9 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

**DIRECTORS' REPORT***To The Members*

The Directors have pleasure in presenting the 19th Annual Report of the Company, together with the Audited Accounts, for the year ended 31st March, 2012.

**1. Financial Results**

(Rs. in Lacs)

	<b>2011-2012</b>	<b>2010-2011</b>
Sales & Other Income (net)	9516.85	19105.72
Profit/(Loss) before Interest & Depreciation	947.03	1344.18
Less : Interest & Other Financial Charges	956.18	879.23
Less : Depreciation	314.72	341.84
Profit/(Loss) before tax and exceptional items	(323.87)	123.11
Add / (Less) : Exceptional items	—	—
Profit/(Loss) before tax and after exceptional items	(323.87)	123.11
Less : Provision for Taxation	—	25.16
Less/(Add) : Deferred Tax	(106.96)	51.05
<b>Net Profit /(Loss) after Tax</b>	<b>(216.91)</b>	<b>46.90</b>
Balance as per last year	641.71	594.81
<b>Balance Carried Forward</b>	<b>424.80</b>	<b>641.71</b>

**2. Operations**

During the year under review the total revenue has decreased by 50%, compared to previous year ended on 31.03.2011.

Due to slowdown in the steel market, production was temporarily suspended during certain period in the financial year 2011-2012.

**3. Future Prospects**

The State of Bihar is experiencing a continuous and resounding growth phase. Huge emphasis is being laid upon growth of infrastructure in the state and therefore being the leading TMT manufacturer, both in terms of volume and quantity, we expect record-breaking demand for our product. It is pertinent to mention that our product GISCO Thermex Fe500 QST Bars is the most demanded TMT brand in the fastest growing state in country.

Furthermore, the enhancement cum restructuring of loan of the Company has been principally agreed to by our Banker and is currently under process for final sanction. Added capital will lead to better realization on finished goods as well as purchase of quality raw material at reasonable rates, thus increasing the bottom-line of the Company. Techno- Economic Viability (TEV) study to this effect was conducted by D&B Consultant on instruction of the Banker, wherein it was concluded that manufacturing unit of the Company represented a substantial potential for growth and profitability. An enhancement in the Banking arrangement is therefore expected to be received shortly

**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 industry is passing through negative cyclical swings on account of excessive capacity and competition. The Company is taking necessary steps to restructure its working and the organization hopes to commence regular production soon.

## 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 indication of overall economic improvement, the demand is likely to improve in Bihar, although the profitability is likely to remain 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 Company has also made arrangement with Shri Ravi Kishan, a very popular movie and TV personality to act as it's brand ambassador.

### **5. Dividend**

As the Company incurred loss during the year hence no dividend payment was considered.

### **6. Finance**

During the year, the Company continued to avail 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 and such other facilities from State Bank of India, Commercial Branch, Patliputra, Patna and other private bodies for the existing and 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. Ashok Agarwal 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

- a) in preparation of the Annual Accounts, for the year ended 31st March 2012, all the applicable accounting standards prescribed by the ICAI have been followed.
- b) 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/loss of the Company for the year.
- 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.

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

## **DIRECTORS' REPORT** *(Contd.)*

### **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. 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.

### **12. 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.

### **13. 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 earnings and outgo.

### **14. Social Welfare Activities**

The Company organises mason's meet from time to time at various centres.

### **15. 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".

### **16. 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

Place : Patna  
Date : 3rd September, 2012

**Sanjiv Kumar Choudhary**  
*Chairman-cum-Managing Director*

**Aditya Dalmiya**  
*Director*



## 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	2011-12	2010-11
<b>A) Power &amp; Fuel Consumption</b>		
1. Electricity		
a) Purchased Unit (KWH)	38,62,000	5,92,91,500
b) Total Amount (Rs.)	6,58,91,822	22,86,11,050
c) Rate/Unit (Rs.)	17.06	3.86
2. Coal		
a) Qty (Kg.)	4,28,170	25,31,267
b) Total Amount (Rs.)	21,22,649	62,77,240
c) Average Rate (Rs.)	4.96	2.48
3. Coke		
a) Qty (Kg.)	0.00	2,65,345
b) Total Amount (Rs.)	0.00	45,45,800
c) Average Rate (Rs.)	0.00	17.13
<b>B) Consumption per unit of Production</b>		
<b>Product</b>		
a) Units (M.T.)		
- M.S. Bars	6941.68	53,994
- M.S.Billet	2066.10	41,482
b) Electricity (KWH)	428.74	621.01
c) Coal (Kg.)	61.68	26.51
d) Coke (Kg.)	0.00	2.78

## 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. Sanjiv Kumar Choudhary, Chairman-Cum-Managing Director, Mr. Ankit Choudhary, Mr. Aditya Dalmiya, Mr. Ashok Agarwal, Mr. Debabrata Banerjee & Mr. Narendra Kumar Jaiswal. Total no. of. Board meetings held during the financial year were 6 and the dates are as follows: 09.06.11, 18.07.11, 03.09.11, 07.11.11, 24.01.12 & 31.03.12. 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 Jhunjhunwala	Non-Executive & Promoter	0	No	6	—	—
Mr. Sanjiv Kumar Choudhary	Executive & Promoter	6	Yes	5	—	—
Mr. Aditya Dalmiya	Non-Executive & Promoter	6	Yes	4	—	—
Mr. Ashok Agarwal	Non-Executive & Independent	6	Yes	—	—	—
Mr. Debabrata Banerjee	Non-Executive & Independent	5	Yes	—	—	—
Mr. Narendra Kumar Jaiswal	Non-Executive & Independent	5	Yes	—	—	—
**Mr. Ankit Choudhary	Non-Executive & Promoter	0	No	2	—	—

\* Mr. Ramautar Jhunjhunwala was continuously unavailable to attend the meetings of the company due to his health problems and thus he was approved leave of absence during all the meeting held in the financial year ended March-2012. He submitted his resignation on 28th March,2012 which was approved by the Board w.e.f 22.05.2012 .

\*\* Mr. Ankit Choudhary was appointed as the Additional Director on Board. w.e.f. 22.05.2012.

#### 3. AUDIT COMMITTEE

The Audit Committee consists of Directors (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 31.03.2012 six meetings were held on 12.05.11, 17.07.11, 02.09.11, 06.11.11, 22.01.12 & 30.03.12.

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

Name	Position	Category	Attendance (2011-12)
Mr. Debabrata Banerjee	Chairman	Independent & Non-Executive	6
Mr. Ashok Agarwal	Member	Independent & Non-Executive	5
Mr. Narendra Kumar Jaiswal	Member	Independent & Non-Executive	4

#### 4. REMUNERATION COMMITTEE

There is no remuneration committee as there is only one Chairman -Cum- Managing Director, whose terms are approved by members of the Company. He is being paid a remuneration of Rs. 80,000/- p.m. The total remuneration paid to the Chairman cum Managing Director is as follows :

Salaries, allowances, exgratia etc.	Rs. 960000/-
Perquisites	Rs. 25713/-
TOTAL	Rs. 985713/-