

# Gangotri Iron & Steel Co. Ltd.

12TH ANNUAL REPORT FOR THE YEAR 2004-2005

MADE TO LAST FOR GENERATIONS

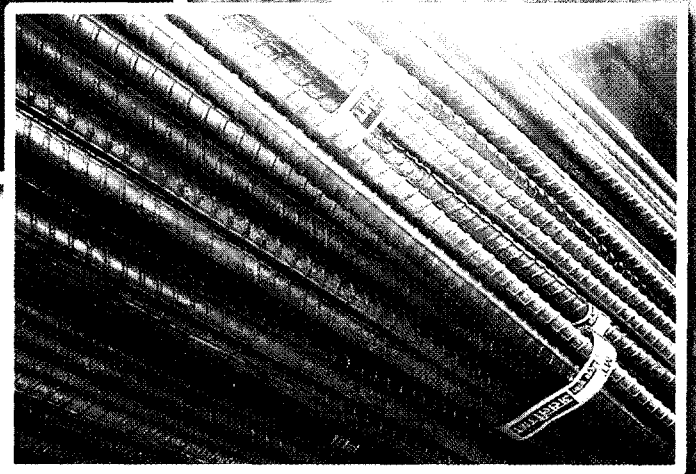
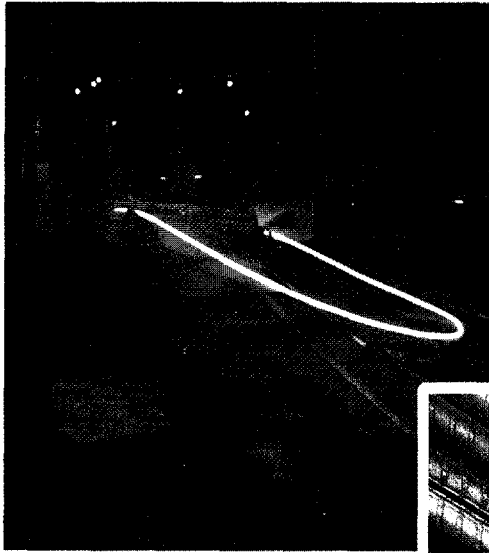




Making...



world class  
TMT Bars  
in a world class  
facility



**BOARD OF DIRECTORS UP TO 31.03.2005**

Mr. Ramautar Jhunjhunwala	Chairman
Mr. Sanjiv Kumar Choudhary	Whole Time Director
Mr. Aditya Dalmiya	Director
Mr. Ashok Agarwal	Director

• • •

**COMPANY SECRETARY**

Ms. Priti Somani

• • •

**AUDITORS**

M/s. ABS ASSOCIATES  
40 Weston Street, 3rd Floor  
Kolkata 700 013

• • •

**BANKERS**

State Bank Of India  
The Federal Bank Ltd.  
IDBI Bank Ltd.

• • •

**FACTORY**

Nayatola, Phulwari Shariff, Patna

• • •

**REGD. OFFICE**

307, Ashiana Towers, Exhibition Road, Patna 800001

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**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



**DIRECTORS' REPORT**

To

The Members

Your Directors have pleasure in presenting the 12th Annual Report of the Company, together with the Audited Accounts, for the year ended 31st March, 2005.

**1. Financial Results**

(Rs. in Lacs)

	2004-2005	2003-04
Sales & Other Income	2260.77	1686.66
Profit before Interest & Depreciation	128.84	27.41
Interest & Other Financial Charges	22.75	18.47
Depreciation	21.34	22.90
Profit after Interest & Depreciation	84.75	(14.02)
Provision for Taxation	9.72	0.02
Deferred Tax	33.02	20.04
Net Profit/(Loss) after Tax	42.01	(34.08)
Balance as per last year	36.31	70.40
Balance Carried Forward	78.32	36.32

**2. Operations**

During the year under review production of M.S.Bar was 12392 MT against 9704 MT in the previous year representing an increase of 27.7% whereas the increase in total income has been 34.04%. The Company has taken various steps, which has resulted in improved operations and profitability. The Company has also altered the product mix in favour of more value added TMT Bar which has resulted in a better product realization.

The Company has also been granted ISO 9001:2000 and ISO 14001:1996 certification for its quality management system, practices and environmental concerns.

**3. Future Prospectus**

The Company has started reaping the benefits of the TMT Bar production to great extent, which is clearly reflected in the bottom line of the Company's result. The future ahead promises to be much improved with tremendous market reach of brand 'GISCO TMT' in the state of Bihar.

Your Company is soon converting its quenching facilities with THERMEX technology. It has undertaken substantial modernization and before the end of the calendar year, expects to produce a wider range of products with 'THERMEX' mark along with its already very popular 'GISCO TMT' brand.

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

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

### **Outlook**

The Indian economy grew by 6.9% during the fiscal year ended 31st March 2005 compared to 8.5% in the previous year. The Industrial Sector grew by 8.9% against 6.9%. Average inflation in the year ended was 6.4% as compare to 5.4% in the previous year.

The Steel industry, although slowly changing to consolidation phase, was subject to ups and downs of demand and prices. Due to surge in demand from China, the world steel scenario underwent transformation, although the demand in the developed countries of the West and Japan has seen little change in their consumption.

The Company has embarked upon expansion plan of its existing production facility. Steps have also been taken to enhance the installed production capacity from 21000 MT to 33000 MT by adding & balancing equipments. This will result in approximately 30% increase in production after the commencement of commercial operation of the expansion plan.

### **Risks and Concerns**

There was a substantial increase in the prices of key raw materials like iron-ore and coal and consequently in sponge iron and melting scrap thereby resulting in higher price for steel ingots which is the principal raw material of your Company.

The demand in the domestic market was strong throughout the year and has grown steadily at the rate of 5% to 6%. The growth rate is likely to accelerate due to the increased expenditure in infrastructure leading to a higher demand for steel. Recently, due to a slow- down in demand from the international market, the prices of certain raw material has rationalized but the price of fuel and coal continue to remain a source of worry.

Your Company's products are currently marketed mainly in the state of Bihar. The development in Bihar is not able to keep pace with the development of other states of India but we hope that the State Government, with the assistance of the Central Government, will certainly come out with mega projects and various housing schemes. Your Company is quite optimistic and strongly believes that sale of its products shall not be a problem in view of the superior quality and brand image that its products enjoys.

### **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 in consultation with statutory 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 organizes Architects and Masons meet 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.

## **5. Dividend**

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

## **6. Directors**

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

## 7. Directors' Responsibility Statement

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

- i) in preparation of the Annual Accounts, for the year ended 31st March 2005, all the applicable accounting standards prescribed by the ICAI have been followed .
- ii) 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.
- iii) 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.
- iv) the Directors have prepared the annual accounts on a going concern basis.

## 8. Auditors

M/s. ABS Associates, Chartered Accountants, Auditors of the Company expressed their inability to continue as the auditor of the company. M/s Khandelwal Ravindra & Co., Chartered Accountants have given their consent to be appointed as auditors of the Company and have furnished certificate of their eligibility u/s 224(1B) of the Companies Act, 1956 for appointment. The members are requested to consider their appointment for the current financial year 2005-06 and authorise the Board of Directors to fix their remuneration.

## 9. Depository System

As the members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e. National Securities Depository Limited. (NSDL) & Central Depository Services (India) Ltd. (CDSL). SEBI has directed that 'No Custody Charge' shall be levied on any investor who would be opening a demat account on or after 1st February 2005. This is an added benefit over and above the existing advantages offered by the Depository System. Members are requested to avail of the facility of dematerialisation of the Company's shares on either of the Depositories as aforesaid.

## 10. Voluntary Delisting of the Company's Equity Shares from the Calcutta Stock Exchange and Magadh Stock Exchange

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

## 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 to this Report. The Company has no figure to disclose in respect of technology absorption and /or foreign exchange earning & outgo.

### **14. Industrial Relations**

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

### **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. Share Forfeiture**

Your Company issued final notice to all the holders of partly paid shares vide registered letter and after the expiry of the notice period the remaining partly paid shares were forfeited. Thereupon the Board of Directors resolved to dispose off the entire forfeited shares and the same was informed to the Stock Exchanges. The sale / disposal of forfeited shares @ 20/- per share (inclusive of amount already paid up) is in the process.

### **17. 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".

### **18. Acknowledgment**

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.

Kolkata, 29th July, 2005

For and on behalf of the Board  
Ramautar Jhunjunwala  
Chairman

## **ADDENDUM TO DIRECTORS' REPORT**

### **I. Directors**

Mr. Debabrata Banerjee and Mr. Narendra Kumar Jaiswal were appointed as Non Executives & Independent Additional Directors of the Company w.e.f. 20.08.05.

Kolkata, 29th July, 2005

For and on behalf of the Board  
Ramautar Jhunjunwala  
Chairman



**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**

Product	2004-05		2003-04	
	TMT Bar	Twisted Bar	TMT Bar	Twisted Bar
<b>1. Electricity</b>				
a) Purchased Unit (KWH)	187237	967213	118595	980625
b) Total Amount (Rs.)	12,91,849	66,73,325	6,76,816	55,96,381
c) Rate/Unit (Rs.)	6.90	6.90	5.71	5.71
<b>2. Coal</b>				
a) Qty (Kg.)	191407	791970	100376	664805
b) Total Amount (Rs.)	4,39,274	18,17,544	2,00,215	13,26,054
c) Average Rate (Rs.)	2.29	2.29	1.99	1.99

**B) Consumption per unit of Production**

Product	2004-05		2003-04	
	TMT Bar	Twisted Bar	TMT Bar	Twisted Bar
a) Units (M.T.)	2412.046	9980.116	1272.960	8430.996
b) Electricity (KWH)	77.626	96.914	93.164	116.312
c) Coal (Kg.)	79.35	79.35	78.85	78.85

**“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. Sanjiv Kumar Choudhary and three non-executive Directors viz. Mr. Ramautar Jhunjunwala, 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.Sanjiv Kr. Choudhary	Executive	5	Yes	4	—	—
Mr.Ramautar Jhunjunwala	Non Executive & Promoter	6	Yes	5	—	—
Mr.Aditya Dalmiya	Non Executive & Independent	5	Yes	3	—	—
Mr.Ashok Agarwal	Non Executive & Independent	4	Yes	—	—	—

**3. AUDIT COMMITTEE**

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

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

Name	Position	Category	Attendance (2004-05)
Mr.Ramautar Jhunjunwala	Member	Non Executive	Yes
Mr.Aditya Dalmiya	Chairman	Independent & Non Executive	Yes
Mr.Ashok Agarwal	Member	Independent & Non Executive	Yes

**4. REMUNERATION COMMITTEE**

There is no remuneration committee as there is only one Whole Time Director, whose terms are decided by Board of Directors. He is being paid a remuneration of Rs. 10,000/- p.m. No sitting fee is paid to any other director.

## 5. INVESTORS / SHAREHOLDERS GRIEVANCE COMMITTEE

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

## 6. GENERAL BODY MEETINGS

AGM No.	Date	Time	Venue
9th AGM	27.09.2002	2.00 P.M	307, Ashiana Towers, Exhibition Road, Patna 800001
10th AGM	29.09.2003	2.00 P.M	307, Ashiana Towers, Exhibition Road, Patna 800001
11th AGM	30.09.2004	2.00 P.M	307, Ashiana Towers, Exhibition Road, Patna 800001

No Resolutions were put through postal ballot during the year 2004-2005.

## 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.

The Stock Exchanges or The Securities & Exchange Board of India or any other statutory authority has not imposed any penalty or stricture on the Company for non-compliance on any matter related to capital markets during the last three years.

## 8. MEANS OF COMMUNICATION

Quarterly, Half-yearly and Annual Results of the Company are published in The Times of India, Patna (English) and Aaj, Patna (Hindi). There is no Web-site at present, nor are half-yearly results sent to each household of shareholders. Management Discussion and Analysis Report forms part of this Annual Report.

## 9. GENERAL SHAREHOLDERS INFORMATION

Next AGM date, time & venue	: September 28, 2005 at 2.00 P.M at 307, Ashiana Towers, Exhibition Road, Patna – 800001
Financial Calendar	: April to March
First Quarter Result	: Last week of July 2005
Second Quarter Result	: Last week of Oct 2005
Third Quarter Result	: Last week of January 2006
Fourth Quarter & Annual Results	: End May/June 2006
Book Closure Date	: 24th September,05 to 28th September,05
Dividend Payment Date	: No Dividend proposed

Mr. Ramautar Jhunjhunwala, non-executive Director, was the Chairman of Share Transfer & Investor Grievance Committee, with the Company Secretary as the Compliance Officer.

Address for Correspondence	: <b>Physical &amp; Demat Share Transfers</b> <b>M/s S.K.Computers</b> <b>34 / 1A, Sudhir Chatterjee Street,</b> <b>Kolkata – 700006</b>
Listing on Stock Exchanges	: The Calcutta Stock Exchange Association Ltd. 7 Lyons Range, Kolkata – 700001 The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal street, Mumbai 400023

The Magadh Stock Exchange Association  
Ashiana Plaza, Patna 800001

**Notes:** The Company has made an application for delisting of Equity Shares from the Calcutta & Magadh Stock Exchanges & active follow up is being made with the said Stock Exchanges.

Stock Code : The Stock Exchange, Mumbai 530945  
ISIN Number for NSDL & CDSL : INE437F01015  
Dematerialisation of shares : 6,63,230 out of 4,317,100 equity shares have liquidity been dematerialised up to 31.03.2005.

**MARKET PRICE DATA**

Nil Equity shares were traded on The Stock Exchange, Mumbai, from April'04 to December'04. Details of trading done from Jan'05 to March'05 is given below:

Month	High (Rs.)	Low (Rs.)	Volume
JAN'05	6.25	1.44	5,820
FEB'05	20.22	6.87	1,71,963
MARCH'05	27.95	12.15	53,595

**SHARE HOLDING PATTERN (AS ON 31.3.2005)**

Category	No. of equity shares	% of Shareholding
Promoters	260530	6.03
Private Corporate Bodies	2678593	62.05
Indian Public	1377977	31.92
<b>Total</b>	<b>4317100</b>	<b>100.00</b>

**DISTRIBUTION OF SHARE HOLDING (AS ON 31.3.2005)**

No. of equity shares held	No. of Folios	% of Total	No. of shares	% of Total
UPTO 500	225	49.23	75485	1.75
501 to 1000	91	19.91	81840	1.90
1001 to 2000	31	6.78	55231	1.28
2001 to 3000	8	1.75	20600	0.48
3001 to 4000	26	5.69	99600	2.31
4001 to 5000	21	4.60	104200	2.41
5001 to 10000	12	2.63	96586	2.24
10001 to 50000	18	3.94	555358	12.86
50001 to 100000	13	2.84	1109230	25.69
100001 and above	12	2.63	2118970	49.08
<b>Grand Total to</b>	<b>457</b>	<b>100.00</b>	<b>4317100</b>	<b>100.00</b>

For and on behalf of The Board  
Ramautar Jhunjhunwala  
Chairman

Kolkata, 30th June 2005

**“Annexure – B” to Directors’ Report**

**AUDITORS’ CERTIFICATE**

TO THE MEMBERS OF  
M/S.GANGOTRI IRON & STEEL COMPANY LIMITED

We have examined the compliance of the conditions of Corporate Governance by M/s. GANGOTRI IRON & STEEL COMPANY LIMITED for the year ended on March 31, 2005, as stipulated in Clause 49 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 a 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.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that based on the report given by the Registrars of the Company to the Investors, Grievance Committee, as on March 31, 2005, there were no investor grievance matters against the Company remaining unattended/pending for more than 30 Days.

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. ABS ASSOCIATES  
Chartered Accountants,

Place: Kolkata  
Date: 30.06.2005

(Ajay Kumar Agrawal)  
Partner

## **AUDITORS' REPORT TO THE MEMBERS OF M/S. GANGOTRI IRON & STEEL COMPANY LIMITED**

We have audited the attached balance sheet of M/s. Gangotri Iron & Steel Company Ltd. as at 31st March, 2005, and also the Profit and Loss Account and 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.

We 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 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.

As required by the Companies (Auditor's Report) (Amendment) Order, 2004 ('The Order') issued by the Central Government of India in terms of section 227(4A) 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.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit;
- b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as it appears from our examination of these books;
- c) The Balance Sheet, Profit and Loss Accounts and Cash flow statement dealt with by this report are in agreement with books of accounts;
- d) The Balance Sheet, Profit and Loss Accounts and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of the written representations received from directors of the company as at 31st March, 2005 and taken on record by the Board of Directors, we report that no director is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, and;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true view in conformity with the accounting principles generally accepted in India;
- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
- ii) In the case of the Profit and Loss Account, of the PROFIT for the year ended on that date.

40 Weston Street, 3rd Floor  
Kolkata 700 013

Date: 30th June, 2005

For M/s. ABS ASSOCIATES  
Chartered Accountants,

(Ajay Kumar Agrawaal)  
Partner

## ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 3 of the report of the Auditors to the members of M/s Gangotri Iron & Steel Company Ltd. the accounts for the year ended 31st March, 2005, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As informed to us, physical verification of all its fixed assets has been carried out by the management during the year. Further no material discrepancies were noticed on such verification.
- (c) In our opinion, during the year, the company has not disposed off substantial part of its fixed assets, so going concern assumption is not affected.
- (ii) (a) The inventory has been physically verified by the management during the current year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company has maintained proper records of inventory. The discrepancies were noticed on physical verification between the physical stocks and book records were not material.
- (iii) (a) The Company has not granted or taken any loans secured/unsecured to/from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) Since the Company has not taken/granted loans commenting on sub-clause (b), (c) and (d) of clause (iii) of the order as aforesaid does not arise.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control.
- (v) According to information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (vi) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of the contracts/arrangements entered in the register maintained under section 301 of the Companies Act, 1956 on exceeding the value of Rs.5 lacs in respect of any party during the year have been made at the prices which are reasonable having regard to prevailing market price at the relevant time.
- (vii) The Company has not accepted any deposit from the public.
- (viii) In our opinion the company has an internal audit system commensurate with its size and the nature of business.
- (ix) According to the information and explanations given to us, the Central Government has not prescribed for maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 in respect of any of the products of the Company.
- (x) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax and any other statutory dues during the year with the appropriate authorities though there has been slight delay in a few cases. As at 31st March, 2005 there are no undisputed statutory dues payable except

Entry Tax under Bihar Finance Act, of Rs.13,286/- for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the details of disputed dues of Excise Duty and Service Tax, if any, are as follows :-

Nature of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	3,80,110.00	1999-2003	Deputy Commissioner (Central Excise), Patna.
Central Excise Act, 1944	Excise Duty	23,05,568.00	1998-2001	High Court, Patna

- (xi) The Company does not have any accumulated losses as at the end of the financial year. Further, Company has not incurred cash losses during the current financial year under audit as well as immediately preceding financial year.
- (xii) The Company did not have any outstanding debentures. There are no default in repayment of outstanding loans availed from bank during the year.
- (xiii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) The Company is not a chit fund/nidhi/mutual benefit fund/society.
- (xv) In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provision of clause (xv) of the Order as aforesaid not applicable to the Company.
- (xvi) The Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvii) In our opinion the term loans availed have been applied for the purposes for which they were obtained.
- (xviii) According to the information and explanations given to us and an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment. No long term fund raised have been used to finance short term asset except for permanent working capital.
- (xix) 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 u/s 301 of the Act.
- (xx) The Company did not have any outstanding debentures during the year. Accordingly, no securities have been created.
- (xxi) The Company has not raised any money by public issues during the year.
- (xxii) According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

40 Weston Street, 3rd Floor  
Kolkata 700 013

For M/s. ABS ASSOCIATES  
Chartered Accountants

(Ajay Kumar Agrawaal)  
Partner

Date: 30th June, 2005



**BALANCE SHEET AS ON 31.03.2005**

Particulars	Schedule	As on 31.03.2005		As on 31.03.2004	
<b>I LIABILITIES</b>					
1) Shareholder's Fund					
a) Share Capital	A	34,156,000		32,952,000	
b) Reserve & Surplus	B	7,831,743	41,987,743	3,631,058	36,583,058
2) Loan Fund					
a) Secured Loan	C	16,334,699		16,369,231	
b) Unsecured Loan	D	576,537	16,911,236	576,537	16,945,768
3) Deferred Tax Liability			5,673,013		2,370,839
			64,571,993		55,899,665
<b>II ASSETS</b>					
1) Fixed Assets	E				
a) Gross Block		31,709,957		30,578,895	
b) Less : Depreciation		11,244,831		10,811,334	
c) Net Block			20,465,125		19,767,561
2) Investments			-		-
3) Current Assets, Loans & Advances					
a) Current Assets	F	22,533,255		26,569,716	
b) Loans & Advances	G	34,639,103		16,148,046	
		57,172,358		42,717,762	
c) Less: Current liabilities & Provisions	H	13,251,221	43,921,137	6,994,822	35,722,940
4) Miscellaneous Expenditure (to the extent not written off or adjusted)					
Miscellaneous Expenditure	I		185,730		409,164
			64,571,993		55,899,665

Significant Accounting Policies

Q

Notes on Accounts

R

Schedule 'A to I', 'Q' &amp; 'R' form an integral part of Balance Sheet

This is the Balance Sheet referred to in our report of even date.

M/s. ABS ASSOCIATES  
Chartered Accountants  
(Ajay Kumar Agrawaal)  
Partner  
Kolkata, 30th June, 2005

P.SOMANI  
COMPANY SECRETARY

R. JHUNJHUNWALA  
CHAIRMAN  
ADITYA DALMIYA  
DIRECTOR

**PROFIT & LOSS FOR THE YEAR ENDED ON 31.03.2005**

Particulars	Schedule	For the year ended on 31.03.2005 Rs.	For the year ended on 31.3.2004 Rs.
<b>I INCOME</b>			
Sales	J	225,840,365	159,911,983
Other Income	K	236,852	8,754,358
Increase/decrease in stock	L	8,861,754	(5,442,699)
		<b>234,938,972</b>	<b>163,223,642</b>
<b>II EXPENDITURE</b>			
Raw material consumed	M	172,256,986	124,093,183
Trading goods Purchased		1,046,715	-
Excise Duty		23,682,683	22,333,729
Sales Tax		6,449,856	-
Salaries, wages & other benefits	N	1,827,383	1,759,582
Other Manufacturing & Adm. Expenses	O	16,791,249	12,295,712
Interest & Other Financial Charges	P	2,275,118	1,846,718
Depreciation		2,134,277	2,296,126
		<b>226,464,268</b>	<b>164,625,050</b>
III Profit ( loss) before taxation		8,474,703	(1,401,408)
Less: Provision for Current Tax		971,844	-
Less: Provision for Deferred Tax		3,302,174	2,004,250
Less: Short provision of Income tax		-	2,640
IV Profit ( loss) after taxation		4,200,685	(3,408,298)
Add: Profit b/f from last year		3,631,058	7,039,356
V Profit(loss) carried on Balance Sheet		7,831,743	3,631,058
Earnings Per Share (Basic)		1.27	(1.03)
Significant Accounting Policies	Q		
Notes on Accounts	R		
Schedule 'J' to 'P', 'Q' & 'R' form an integral part of Profit & Loss Account			

This is the Profit & Loss Account referred to in our report of even date.

M/s. ABS ASSOCIATES  
Chartered Accountants  
(Ajay Kumar Agrawal)  
Partner  
Kolkata, 30th June 2005

P.SOMANI  
COMPANY SECRETARY

R. JHUNJHUNWALA  
CHAIRMAN  
ADITYA DALMIYA  
DIRECTOR

**SCHEDULES TO THE ACCOUNTS**

	As on 31.03.2005	As On 31.03.2004
<b>SCHEDULE 'A'</b>		
<b>Share Capital</b>		
Authorised Capital :		
60,00,000 equity shares of Rs. 10/-each	60,000,000	60,000,000
Issued,Subscribed & Paid up :		
43,17,100 equity shares of Rs. 10/-each	43,171,000	43,171,000
Less: Calls in Arrears	9,015,000	10,219,000
	<u>34,156,000</u>	<u>32,952,000</u>
	<u>34,156,000</u>	<u>32,952,000</u>
<b>SCHEDULE 'B'</b>		
<b>Reserve &amp; Surplus</b>		
Surplus in Profit & Loss Account		
	<u>7,831,743</u>	<u>3,631,058</u>
<b>SCHEDULE 'C'</b>		
<b>Secured Loans</b>		
a) Term loan with S.B.I, Patliputra (Including interest )	609,915	1,729,702
b) Cash Credit with S.B.I.Patliputra	13,905,752	14,639,529
c) SME Plus from S.B.I.Patliputra	1,819,032	-
	<u>16,334,699</u>	<u>16,369,231</u>
Note : Cash Credit is secured by Hypothecation of finished goods, raw materials and stores and mortgage on company's immovable and movable properties and guaranteed by the Director's of the Company.		
<b>SCHEDULE 'D'</b>		
<b>Unsecured Loan</b>		
Loan from a Company	576,537	576,537
	<u>576,537</u>	<u>576,537</u>

**SCHEDULES TO THE ACCOUNTS****SCHEDULE E: FIXED ASSETS**

Particulars	Gross Block			Depreciation				Net Block		
	As on 01.04.2004	Addition	Deletion	As on 31.03.2005	As on 01.04.2004	during the year	Deletion/sales during the year	As on 31.03.2005	As on 31.03.2005	As on 31.03.2004
Lease hold land	166,891	-	-	166,891	80,108	13,351	-	93,459.00	73,432.00	86,783.00
Plant & machinery	14,300,108	-	-	14,300,108	4,898,023	755,046	-	5,653,068.84	8,647,039.12	9,402,084.82
Shed & Building & Civil Construction.	5,997,752	-	-	5,997,752	1,691,919	200,325	-	1,892,243.94	4,105,507.86	4,305,832.77
Electric Installation	2,557,995	-	-	2,557,995	1,216,111	135,062	-	1,351,172.90	1,206,822.10	1,341,884.24
Rolls	2,107,384	2,434,367	1,700,780	2,840,971	1,096,615	722,903	1,700,780.00	118,738.00	2,722,233.00	1,010,768.80
Computer		22,050		22,050		421		421.08	21,628.92	
Weighing machine	251,023	-	-	251,023	120,246	11,924	-	132,169.19	118,853.82	130,777.41
Generator	237,214	-	-	237,214	113,630	11,268	-	124,897.33	112,316.67	123,584.34
Other Machinery	3,387,983	324,925	-	3,712,908	913,700	162,071	-	1,075,771.19	2,637,136.81	2,474,282.69
Furniture & Fixture	385,080	-	-	385,080	248,655	24,376	-	273,030.56	112,049.44	136,425.00
Office Equipments	266,401	50,500	-	316,901	69,441	12,918	-	82,358.84	234,542.16	196,960.00
Vehicles	860,283	-	-	860,283	348,067	81,727	-	429,793.89	430,489.12	512,216.00
Laboratory Equipment	53,153	-	-	53,153	13,369	2,525	-	15,894.08	37,259.12	39,783.90
Fire Extinguishers	7,628	-	-	7,628	1,450	362	-	1,812.66	5,815.34	6,177.67
	30,578,894	2,831,842	1,700,780	31,709,957	10,811,333	2,134,277	1,700,780.00	11,244,831.49	20,465,125.47	19,767,560.63

**SCHEDULES TO THE ACCOUNTS**

	As on 31.03.2005		As on 31.03.2004	
<b>SCHEDULE 'F'</b>				
<b>Current Assets</b>				
<b>Stock In Trade</b>				
Raw material	1,764,617		5,311,135	
Finished goods	10,743,722		1,909,694	
Trading goods	107,010		-	
Scrap	146,270	12,761,620	469,554	7,690,383
<b>Stock :</b>				
Coal	85,779		17,832	
Discarded Machine	310,898		310,898	
Scrap Rolls	432,000		188,000	
Stores & Rolls	899,126	1,727,803	1,235,412	1,752,142
<b>Sundry Debtors</b>				
Outstanding for more than Six months	619,265		718,396	
Other Debts	4,015,220	4,634,485	15,591,434	16,309,830
<b>Cash &amp; Bank Balances</b>				
Cash in hand	2,148,825			264,125
Bank Balance with scheduled bank				
In current Account	508,322			367,249
In Fixed Deposit	50,000			50,000
Cheque/DD in hand	660,000			93,787
Interest accrued on Fixed Deposit	42,200	3,409,347		42,200
		22,533,255		26,569,716

Note : Fixed Deposit receipts of Rs.50000/- (previous year Rs.50000/-) lodged with Central Excise Authority at Patna

**SCHEDULES TO THE ACCOUNTS**

As on 31.03.2005

As on 31.03.2004

**SCHEDULE 'G'****Loans & Advances**

(Unsecured Considered good)

Loans	2,108,284	1,925,535
Advances (recoverable in cash or kind)	2,062,274	10,379,100
Advance to Suppliers	26,036,207	-
Sales Tax Deposit with Supplier	292,585	292,585
Advance Income Tax & TDS	1,485,875	510,310
Advance Central Excise Duty & Service Tax	361,664	169,943
Pre-deposit of Excise Duty	55,000	435,000
Advance Sales Tax	300,000	500,000
Entry Tax Receivable	1,240	-
Prepaid Expenses	115,709	115,307
Security Deposits	1,820,266	1,820,266
	<u>34,639,103</u>	<u>16,148,046</u>

**SCHEDULE 'H'****Current Liabilities & Provisions**

## a) Current Liability

Sundry creditors for Goods	5,180,421	2,887,615
Security Deposit from Dealers	1,455,555	1,324,925
Sundry Creditors for Exp. & Taxes	<u>5,643,401</u>	<u>12,279,377</u>
		<u>2,782,282</u>
		6,994,822

## b) Provisions

Provision for Income Tax	971,844	-
	<u>13,251,221</u>	<u>6,994,822</u>

**SCHEDULE 'I'****Miscellaneous Expenditure**

(to the extent not written off or adjusted)

Share Issue Expenses	409,164	632,598
Less: Written off during the year	<u>223,434</u>	<u>223,434</u>
	<u>185,730</u>	<u>409,164</u>

**SCHEDULES TO THE ACCOUNTS**

For the year ended 31.03.2005

For the year ended 31.03.2004

**SCHEDULE 'J'**

		For the year ended 31.03.2005	For the year ended 31.03.2004
<b>Sales</b>			
Finished Goods			
Direct Sales	167,192,940		159,192,259
Consignment Sales	57,435,763		-
Scrap	265,036		719,724
Trading Goods	946,626		-
	<u>225,840,365</u>		<u>159,911,983</u>

**SCHEDULE 'K'**

		For the year ended 31.03.2005	For the year ended 31.03.2004
<b>Other Income</b>			
Interest on Loan*	231,064		210,940
Interest on Fixed Deposit	-		3,328
Interest on I.T.Refund	444		3,691
Commission *	-		8,533,136
Misc. receipts	5,344		3,263
	<u>236,852</u>		<u>8,754,358</u>

\* TDS deducted Rs. 48,315/- (P.Y. Rs 437431)

**SCHEDULE 'L'****Increase/Decrease in Stock****Opening Stock**

Finished Goods	1,909,694		7,835,251	
Scrap Rolls	188,000		-	
Scrap	<u>469,554</u>	<u>2,567,248.00</u>	<u>174,696</u>	<u>8,009,947</u>

**Less: Closing Stock**

Finished Goods	10,743,722		1,909,694	
Trading Goods	107,010		-	
Scrap Rolls	432,000		188,000	
Scrap	<u>146,270</u>	<u>11,429,002.00</u>	<u>469,554</u>	<u>2,567,248</u>
		<u>8,861,754</u>		<u>(5,442,699)</u>

**SCHEDULE 'M'****Raw Material Consumed**

Opening Stock	5,311,135		1,196,729	
Add: Purchase during the year	<u>168,710,469</u>		<u>128,207,589</u>	
	174,021,604		129,404,318	
Less: Closing Stock *	<u>1,764,617</u>		<u>5,311,135</u>	
	<u>172,256,986</u>		<u>124,093,183</u>	

**SCHEDULES TO THE ACCOUNTS**

For the year ended 31.03.2005

For the year ended 31.03.2004

**SCHEDULE 'N'****Salaries, wages & other benefits**

Salaries & wages	1,557,245	1,505,945
Employer Contribution to P.F.	178,648	165,596
Workman & Staff Welfare expenses	91,490	88,041
	<u>1,827,383</u>	<u>1,759,582</u>

**SCHEDULE 'O'****Other Manufacturing & Administrative Expenses**

Stores Consumed	1,363,120	970,395
Power & Fuel	10,309,295	7,799,466
Gas Cutting Charges	189,710	184,455
Electricity Charges	56,619	56,260
Amalgamation Exp.	25,000	-
Computer Maintenance	10,000	-
Lease Rent	550,414	540,366
Insurance	124,769	111,762
Telephone & Mobile Charges	198,309	210,460
Legal & Professional Charges	243,217	127,575
Travelling & Conveyance	33,807	66,818
Printing & Stationary	67,506	67,819
Car Rental Charges	180,000	180,000
Repair & Maintenance to :		
Plant & Machinery	291,811	273,840
Other	33,220	10,895
Vehicle	176,460	169,412
	<u>501,491</u>	<u>454,147</u>
Pollution Testing Charges	9,108	-
Director's Remuneration	120,000	120,000
Auditor's Fees & Expenses	29,811	24,917
Interest on Delay Payment of Excise Duty	167,205	-
Miscellaneous Expenses	1,058,243	501,952
Freight on Consignment Sale	1,026,900	481,387
Labour Charges on Consignment	68,845	21,442
Commission on Consignment Sale	234,446	117,124
Preliminary & Share Issue Exp. W/O	223,434	223,434
Loss on Sale of Vehicles	-	35,933
	<u>16,791,249</u>	<u>12,295,712</u>

**SCHEDULE 'P'****Interest & Other Financial Charges**

To Bank		
Cash Credit ( Stock) A/c	1,242,394	1,096,071
Cash Credit ( Book-debts) A/c	434,077	278,402
SME Credit Plus	166,314	93,387
Term Loan	193,747	82,535
Bank Charges	105,456	115,323
Others	133,130	181,000
	<u>2,275,118</u>	<u>1,846,718</u>



**SCHEDULES TO THE ACCOUNTS****SCHEDULE - 'Q'****SIGNIFICANT ACCOUNTING POLICIES****1) FIXED ASSETS AND DEPRECIATION:**

- a) Fixed Assets are stated in their original cost of acquisition including all related expenses of acquisition and installation.
- b) Depreciation on Fixed Assets is provided on straight line method in accordance with the rates as specified in Schedule XIV of the Companies Act, 1956 (As amended), Lease hold land is written off over the period of the lease. Depreciation on addition in fixed assets has been provided on pro rata basis.

**2) INVESTMENT:**

There is no investments. (P.Y. Nil.)

**3) INVENTORIES:**

Description	Basis of Valuation
i) Coal	At Cost
ii) Stores & Spare Parts	At Cost
iii) Raw Materials	At Cost
iv) Finished Goods	At cost or market price whichever is less
vi) Scrap	At estimated realisable value

**4) SHARE ISSUE EXPENSES**

It is amortised over a period of 10 years as per section 35D of the Income Tax Act.

**5) REVENUE RECOGNITION:**

- a) Sales is on the basis of despatch of goods to the customers.
- b) Interest income is accounted for on mercantile basis.

**6) EXPENDITURE:**

All the recurring expenses are accounted for mercantile basis.

**SCHEDULE - 'R'****NOTES ON ACCOUNTS****1) Contingent Liability not provided for in respect of :**

- a) No provision for Rs.25,34,835/- ( previous year, Rs.18,60,161) has been made in the accounts towards annual minimum charges for electricity for the years 1998-99,1999-00, 2000-01 & 2002-03 against which Rs.12,43,149 ( previous year Rs,9,05,812) has been paid. The matter is pending before Bihar State Electricity Board for final settlement.
- b) No provision for Rs.11,02,222/- ( previous year, Rs. 11,02,222) has been made in the accounts towards annual minimum charges for electricity for the years 1995-96, 1996-97 & 1997-98 against which Rs. 5,83,155 ( previous year Rs. 5,83,155) has been paid. The matter is pending before Patna High Court.
- c) Disputed Excise Duty Matters U/s 3A of Central Excise Act,1944, pending with High Court , Patna Rs. 1,443,471.00
- d) Disputed Excise Duty Matters in appeal pending with CESAT, Kolkata pending with High Court , Patna ( pre-deposit of duty - Rs.55,000) Rs. 862,097.00
- e) Disputed Service Tax Matters relating to Acct. Yr. 1999-00,2000-01,2001-02,2002-03 in Appeal pending before Deputy Commissioner of Central Excise , Patna . Rs. 3,80,110.00
- 2) The value of opening stock and closing stock of finished goods includes excise duty as per Guidance Note issued by ICAI on **"ACCOUNTING TREATMENT OF EXCISE DUTY"**
- 3) The Company has made provision of Rs Nil (P.Y.Rs.23,23,453/ )-against excise duty matter u/s 3A related to the year 1998-99 and 1999-00 as per order of CESAT, Kolkata.

4) Major Components of Deferred Tax Assets/Liability :

	2004-2005		2003-2004	
	Deferred Tax Assets Rs.	Deferred Tax Liabilities Rs.	Deferred Tax Assets Rs.	Deferred Tax Liabilities Rs.
Difference between book value of Depreciable Assets as per books of Account and WDV for tax purposes	-	4,204,423.00	-	3,846,651.00
Unpaid Statutory Liabilities debited to Profit and Loss A/C/ Paid During the Year	28,992.00	32,314.00	34,440.00	-
Unabsorbed Depreciation and Carry Forward Loss for Tax purposes	-	1,465,268.00	1,561,690.00	-
Other items giving rise to timing Differences	-	-	-	120,318.00
<b>Total</b>	<b>28,992.00</b>	<b>5,702,005.00</b>	<b>1,596,130.00</b>	<b>3,966,969.00</b>
		<b>0</b>	<b>0</b>	<b>0</b>
Net Deferred Tax Liability	-	5,673,013.00	-	2,370,839.00
Net Incremental liability Charged to Profit & Loss Account	-	3,302,174.00	-	-

5) The Company has paid Rs.1,80,000/- (previous year Rs.1,80,000/-) to Manju Choudhary, wife of Mr. Sanjiv Kr. Choudhary, director of the company towards vehicle rental charges.

6) Provision of gratuity, leave encashment is made as per payment basis.

7) **Earnings per share (EPS) has been calculated as below :**

$$\text{EPS} = \frac{\text{Net Profit after tax}}{\text{Weighted Average No. of Equity Shares} *} = \frac{4,200,685.00}{3,308.063.00} \text{ Rs. 1.27}$$

\* Partly paid-up shares are proportionately converted in Fully Paid Equity Shares as they are eligible to participate in profit to the extent they are paid.

8) Additional information pursuant to the provisions of paragraph 3 and 4 of Part II of Schedule VI to the Companies Act, 1956:

**Quantitative Information**

a) Particulars in respect of goods manufactured:	
i) Licenced Capacity	Not Applicable
ii) Installed Capacity (as certified by the Management)	21000 MT (Previous year 21000 MT)
iii) Particulars in respect of Production, turnover opening & closing stock of goods	As per Annexure 'A'
iv) Particulars in respect of Raw Materials Consumed	As per Annexure 'A'
v) CIF value of Import	Nil
vi) Expenditure in Foreign Currency	Nil
vii) F.O.B. value of export	Nil

M/s. ABS ASSOCIATES  
Chartered Accountants  
(Ajay Kumar Agrawaal)  
Partner  
Kolkata, 30th June 2005

P.SOMANI  
COMPANY SECRETARY

R. JHUNJHUNWALA  
CHAIRMAN  
ADITYA DALMIYA  
DIRECTOR

## ANNEXURE A: QUANTITATIVE DETAILS OF RAW MATERIALS AND FINISHED GOODS FOR THE YEAR ENDED 31ST MARCH 2005

Name of Items	Opening Balance		Purchase/Production		Total		Consumption/Sales		Shortage	Closing Stock	
	QTY. M.T.	VALUE Rs.	QTY. M.T.	VALUE Rs.	QTY. M.T.	VALUE Rs.	QTY. M.T.	VALUE Rs.		QTY. M.T.	VALUE Rs.
<b>RAW MATERIALS</b>											
Non Alloy Ingot (2004-05)	-	-	228.17	2,777,960.00	228.17	2,777,960.00	228.17	2,777,960.00	-	-	-
Non Alloy Ingot (2004-05)	354.901	4,595,968.00	12,471.00	53,937,078.00	12,825.90	58,533,046.00	12,665.845 *	56,768,428.60	-	160.056	1,764,617.40
(2003-04)	105.382	1,196,729.00	2,439.85	27,563,090.00	2,545.227	28,759,819.00	2,545.227	28,759,819.00	-	-	-
(2003-04)	-	-	7,914.00	32,422,025.00	7,914.000	32,422,025.00	7,559.099 *	27,826,057.00	-	354.901	4,595,968.00
Sponge Iron/Scrap (2004-05)	75.066	667,941.00	13,571.805	108,221,683.64	13,646.87	108,889,624.64	13,646.87 **	108,889,624.64	-	-	-
(2003-04)	-	-	8,788.74	66,179,862.00	8,788.74	66,179,862.00	8,713.67 **	65,511,921.00	-	75.066	667,941.00
Silico Magnese (2004-05)	1.580	47,226.00	129.035	3,768,042.20	130.62	3,815,268.20	130.62 **	3,815,268.20	-	-	-
(2003-04)	-	-	84.00	2,042,613.00	84.00	2,042,613.00	82.42 **	1,995,387.00	-	1.580	47,226.00
Total (2004-05)	431.55	5,311,135.00	26,400.010	168,704,763.84	26,831.56	174,015,898.84	26,671.50	172,251,281.44	-	160.06	1,764,617.40
(2003-04)	105.382	1,196,729	19,226.585	128,207,589	19,331.967	129,404,318	18,900.420	124,093,183	-	431.547	5,311,135
<b>FINISHED GOODS</b>											
M.S.Bars (2004-05)	102.334	1,909,694	12,392.162	-	12,494.496	-	11,888.676	-	-	605.820	10,743,722
(2003-04)	512.794	7,835,251	9,703.952	-	10,216.746	-	10,035.702	159,192,259	78.710	102.334	1,909,694
Scrap (2004-05)	48.308	469,554	180.662	-	228.970	-	34.770	265,036	-	44.910	146,270
(2003-04)	25.100	174,696	151.268	-	176.368	-	149.290 \$	-	-	-	-
Scrap Rolls (2004-05)	18.800	188,000	24.400	-	43.200	-	80.300	719,724	-	43.200	432,000
(2003-04)	-	-	18.800	-	18.800	-	47.760 \$	-	-	18.800	188,000
TMT Bar (SAIL) (2004-05)	-	-	38.705	1,046,715.00	38.705	-	34.605	946,626	-	4.100	107,010
(2003-04)	-	-	-	-	-	-	-	-	-	-	-
Total (2004-05)	169.442	2,567,248	12,635.929	1,046,715.000	12,805.371	-	11,958.051 \$\$	1,211,662	-	698.030	11,429,002
(2003-04)	537.894	8,009,947	9,874.020	-	10,411.914	-	10,116.002 \$\$	159,911,983	78.710	169.442	2,567,248
<b>TRADING GOODS</b>											
TMT Bar (SAIL) (2004-05)	-	-	38.705	1,046,715.00	38.705	-	34.605	946,626	-	4.100	107,010
(2003-04)	-	-	-	-	-	-	-	-	-	-	-
Total (2004-05)	169.442	2,567,248	12,635.929	1,046,715.000	12,805.371	-	11,958.051 \$\$	1,211,662	-	698.030	11,429,002
(2003-04)	537.894	8,009,947	9,874.020	-	10,411.914	-	10,116.002 \$\$	159,911,983	78.710	169.442	2,567,248

\* Conversion under Job Work

\*\* consumption at job worker

\$ captively consumed at Job worker

\$\$ inclusive of Captive consumption of 149.290 MT (last year 47.760 MT)

Note : Value of Non Alloy Ingot produced thru job worker is taken at the cost of conversion charges &amp; other incidental expenses incurred to bring the same to present location.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2005**

	31st March 2005	31st March 2004
<b>A. Cash Flow from Operating Activities :</b>		
Net Profit before tax	8474703	-1401408
Adjustment for :		
Depreciation	2134277	2296126
Interest and other financial charges	2275118	1846718
Share issue & Preliminary Expenses written off	223434	223434
Interest Received	-231064	-214268
LOSS ON SALE OF CAR	-	35933
	<u>4401765</u>	<u>4187943</u>
Operating Profit before working capital charges	12876469	2786535
Adjustment for :		
Change in working capital (As per Annexure)	-6578053	-3432078
Cash Generated from Operations	<u>6298416</u>	<u>-645543</u>
Direct Tax Paid	-	-2006890
<b>Net Cash Flow from Operating Activities-</b>	<u>6298416</u>	<u>-2652433</u>
<b>B. Cash Flow from Investing Activities</b>		
Loan Given/Repayment of Loan	-	-167697
Purchase of Fixed Assets	-2831842	-5441197
Interest Received	231064	214268
Sale of investment	-	1325000
<b>Net Cash Flow used in Investing Activities</b>	<u>-2600778</u>	<u>-4069626</u>
<b>C. Cash Flow from Financial Activities :</b>		
Increase/(decrease) of Bank Borrowings	1085255	6175137
Interest & other financial charges	-2275118	-1846718
Calls in Arrear	1204000	-
Term Loan from Bank	-1119787	1729702
<b>Net Cash Flow used in Financing Activities</b>	<u>-1105650</u>	<u>4328419</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2591988	-663938
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>725159</u>	<u>1389097</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>3317147</u>	<u>725159</u>

**Note:** Cash & Cash Equivalents represents cash in hand and Balances with banks / cheques in hand.

**Annexure****Change in working Capital**

	2002-03	2003-04	2004-05
Sundry Debtors	4524843	16309830	4634485
Other Current Assets	15294712	14222511	33024464
Inventories	10400158	9442525	14178525
Sundry Creditors	-3042586	-6994822	-12279377
	<u>27177127</u>	<u>32980044</u>	<u>39558097</u>
		-5802917	-6578053

For and on behalf of Board of Directors

(Ramautar Jhunjhunwala)  
DIRECTOR

(Aditya Dalmiya)  
DIRECTOR

**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**

## I. Registration Details

Registration No. 0 5 1 2 9

State Code 0 3

Balance Sheet Date 3 1 0 3 2 0 0 5  
Date Month Year

## II. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue  
N I LRight Issue  
N I LBonus Issue  
N I LPrivate Placement  
N I L

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities  
6 4 5 7 2Total Assets  
6 4 5 7 2

## Sources of Funds

Paid-up Capital  
3 4 1 5 6Reserves & Surplus  
7 8 3 2Secured Loans  
1 6 3 3 5Unsecured Loans  
5 7 7

## Application of Funds

Net Fixed Assets  
2 0 4 6 5Investments  
N I LNet Current Assets  
4 3 9 2 1Misc. Expenditure  
1 8 6Accumulated Losses  
N I L

## IV. Performances of Company (Amount in Rs. Thousand)

Turnover  
2 2 6 0 7 7Total Expenditure  
2 2 6 4 6 4Profit/ Loss Before Tax  
8 4 7 5Profit/ Loss After Tax  
4 2 0 1Earning per Share in Rs.  
1 2 7 0Dividend Rate %  
- -

## V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)

Item Code No. 7 2 1 3

(ITC Code)

Product Description  
M S D E F O R M E D  
C O L D T W I S T E D B A R

In terms of our report of even date

M/s. ABS ASSOCIATES

Chartered Accountants

(Ajay Kumar Agrawaal)

Partner

Kolkata, 30th June 2005

P.SOMANI  
COMPANY SECRETARY

R. JHUNJHUNWALA

CHAIRMAN

ADITYA DALMIYA

DIRECTOR

**भारतीय मानक ब्यूरो**  
**BUREAU OF INDIAN STANDARDS**

एनआर शाखा कार्यालय, पाटलीपुत्र औद्योगिक परिसर, पटना - 800 013  
 Patna Branch Office, Patliputra Industrial Estate, Patna - 800013  
 e-mail: pbo@bis.org.in & dibis@sancharnet.in

फोन : 2282808  
 Phone : 2282808

फैक्स : 201-612-22805  
 Fax : 201-612-22805

ईमेल : [manu@bis.org.in](mailto:manu@bis.org.in)  
 Website : [www.bis.org.in](http://www.bis.org.in)

**स्टील पोस्ट/कोरिक्ट**  
 इमारत संरचना - एमए डीए पीएल - 5219660

भारत में गंगोत्री आयरन एण्ड स्टील कंपनी लिमिटेड  
 307, आशियाना टॉवर  
 एक्सपोजीशन रोड  
 पटना - 800 001

प्रकार्य,

This has reference to BIS Certification Marks held by you for HSDS Bars as per IS 1786 : 1985 and 2005 vide which metallic tags were submitted by you in connection, your reference is invited to clause 4 of the inspection as per which each bundle and coil of HSDS tag bearing Cast/Lot No., Grade, size and Brand name found that tag submitted by you does not conform to the requirements. You are, therefore, again advised to modify the tags and submit us for our approval.

Reference is also invited to you regarding TMT Bars. It is to clarify that HSDS Bars produced through TMT Process for TMT Bars Grade Fe 415, sizes from 8mm to 20mm.

Above information has already been submitted to you by even no. dated 28 September 2004.

प्रकार्य,

**Certificate of Registration**

By  
**AQSR International, Inc.**  
 Ann Arbor, Michigan USA

**Gangotri Iron & Steel Company Limited**

Naya Tola, Phoolwarisharif, Patna  
 801 505  
 India

Has successfully implemented a Environmental Management System which has been registered by AQSR International, Inc.

**ISO 14001:1996**

Scope: The manufacture and supply of T.M.T. Bars and M.S. Twisted Bars.

IAF Accreditation Scope Category: 17  
 NACE Codes Applicable:  
 Supplier Codes: DJ27.3

**AQSR ANAB**

Certificate Number: 4686  
 Date of Original Registration: 20 May 2005  
 Date of Current Registration: 20 May 2005  
 Date Registration Expires: 19 May 2008

*Joseph Macko*  
 Joseph Macko  
 President

**Certificate of Registration**

By  
**AQSR International, Inc.**  
 Ann Arbor, Michigan USA

**Gangotri Iron & Steel Company Limited**

Works - Naya Tola, Phoolwarisharif  
 Patna, Bihar 801 505  
 India

Regd. Office -307, Ashiana Towers, Exhibition Road  
 Patna, Bihar, 800 001

Has successfully implemented a Quality Management System which has been registered by AQSR International, Inc.

**ISO 9001:2000**

Scope: The manufacture and supply of T.M.T. bars and M.S. twisted bars.

IAF Accreditation Scope Category: 17  
 NACE Codes Applicable: DJ27.3  
 Exclusions: Design Control, Servicing

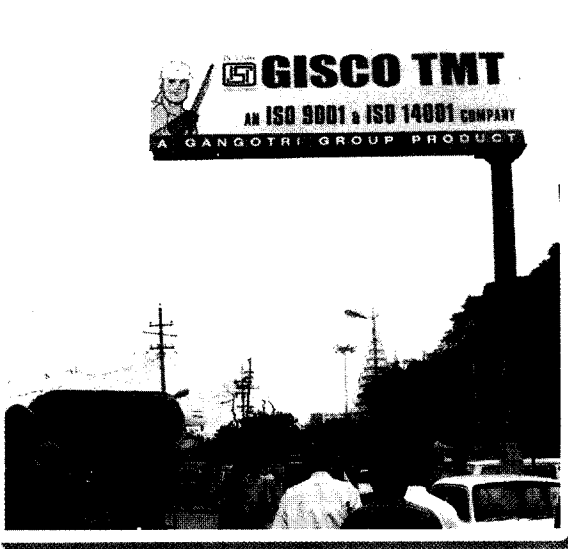
**AQSR ANAB**

Accredited by Member of the IAF  
 MLA for QMS

Certificate Number: 356  
 Initial Registration Date: 5/6/2005  
 Registration Period: May 6, 2005 to May 5, 2008  
 Revision Date: May 6, 2005

*Joseph Macko*  
 Joseph Macko  
 President

Marketing,  
Branding &  
Quality  
Consciousness...



...multi pronged  
efforts for  
different market  
segments

# Gangotri Iron & Steel Co. Ltd.

AN ISO 9001 & 14001 COMPANY

REGD. OFFICE: 307, ASHIANA TOWERS, EXHIBITION ROAD, PATNA 800 001

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WORKS: NAYA TOLA, KHAGAUL ROAD, PHULWARI SHARIF, PATNA 801 505, PHONE: (0612) 2555687/2555233

FAX: (0612) 2555687, E-mail: [mukeshratwa@giscotmt.com](mailto:mukeshratwa@giscotmt.com)

CORPORATE OFFICE: B. K. MARKET, 3rd FLOOR, 16B, SHAKESPEARE SARANI, KOLKATA 700 071, PHONE: (033) 22824605/30584605/606

FAX: (033) 30584605, E-MAIL: [gangotriironsteel@rediffmail.com](mailto:gangotriironsteel@rediffmail.com)

