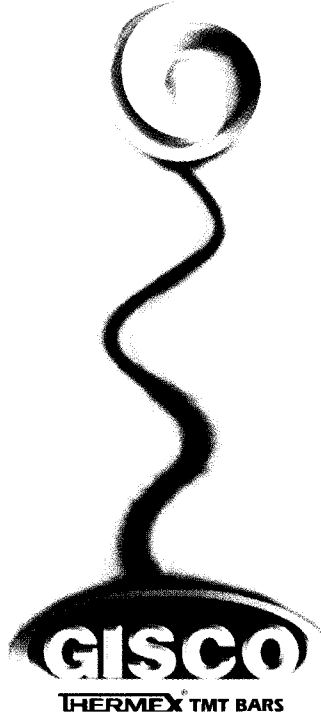


# **GANGOTRI IRON & STEEL CO. LTD.**

**13th ANNUAL REPORT  
2005-2006**



**दुनिया GISCO लोहा माने**



◀ Inauguration of Thermex Plant by Hon'ble Deputy Chief Minister of Bihar, Shri Sushil Kumar Modi & Industry Minister, Shri Gautam Singh.

Hon'ble Deputy Chief Minister, Shri Sushil Kumar Modi and other respected guests during launching ceremony of GISCO Thermex TMT bars. ▶



◀ Launch of GISCO Thermex TMT Bar for sale in the market by the Hon'ble Deputy Chief Minister, Shri Sushil Kumar Modi and Hon'ble Road Construction & Tourism Minister, Shri Nand Kishore Yadav.



▶ Presentation of Thermex Memento by Hon'ble Deputy Chief Minister, Shri Sushil Kumar Modi to the Chairman of the company.





**BOARD OF DIRECTORS**

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



**COMPANY SECRETARY**

Ms. Priti Somani



**AUDITORS**

Khandelwal Ravindra & Co.  
9/12 Lal Bazaar Street, Block 'E'  
2nd Floor, Kolkata 700001



**BANKERS**

State Bank Of India, Commercial Br., Patliputra, Patna  
The Federal Bank Ltd., Kolkata  
IDBI Bank Ltd., Patna  
Standard Chartered Bank, Patna



**FACTORY**

Phulwari Shariff, Nayatola, Patna



**REGD. OFFICE**

307, Ashiana Towers,  
Exhibition Road.,  
Patna 800001



**CORPORATE OFFICE**

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



**REGISTRAR & SHARE TRANSFER AGENT**

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



## NOTICE TO MEMBERS

**NOTICE** is hereby given that the **13th Annual General Meeting** of the Members of **GANGOTRI IRON & STEEL COMPANY LIMITED** will be held on Friday, the **8th September, 2006 at 2.00 P.M., at Bihar Industries Association, Industry House, Sinha Library Road, Patna 800 001, Bihar** to transact the following business: -

### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 Profit and Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint Directors in place of Mr. Sanjiv Kumar Choudhary and Mr. Ashok Agarwal, who retires by rotation and, being eligible, offer themselves for re-appointment.
4. To appoint Auditors and fix their remuneration.

### Special Business

1. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution: "RESOLVED THAT Mr. Debabrata Mukherjee who was appointed as an Additional Director of the Company, by the Board of Directors, w.e.f. 24th March, 2006 and who holds office upto the date of the ensuing Annual General Meeting of the Company u/s 260 of the Companies Act, 1956, in respect of whom the Company has received a notice in writing from a member u/s 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director liable to retire by rotation."

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

**PRITI SOMANI**  
Company Secretary

Kolkata, 30th June, 2006

### 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 4th September, 2006 to 8th September, 2006 (both days inclusive).
3. Members are requested to notify the company immediately of any change in their address.
4. Members seeking any information with regard to Accounts are requested to write to the company at an early date so as to enable the management to keep the information ready.
5. The instrument of the share transfers, complete in all respects should reach the company prior to closure of the Register of Members as stated above.
6. Members /proxies are requested to bring with them the printed Annual Report being sent to them, along with the Notice, to avoid inconvenience.
7. The Company has listed its shares at:
  - I) The Magadh Stock Exchange Association, Ashiana Plaza, Patna 800 001
  - II) Bombay Stock Exchange Ltd., 12th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001
  - III) The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Calcutta 700 001

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



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

**Item No. 1**

Mr. Debabrata Mukherjee was appointed as an Additional Director of the Company, by the Board of Directors, w.e.f. 24th March, 2006 and holds office upto the date of the ensuing Annual General Meeting of the Company u/s 260 of the Companies Act, 1956. The Company has received notices in writing from a member u/s 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

Mr. Debabrata Mukherjee, aged 73 years, Bachelor in Engineering (Metallurgy), F.I.I.E., MIIM is an ex- executive director of Alloy Steel Plant Durgapur and an ex managing director of Durgapur Steel Plant. He has also worked as chairman of National Iron and Steel Company, Belur and as an advisor to Metallurgical Engineering Consultants. He has got vast experience in the iron and steel industry.

Mr. Debabrata Mukherjee was appointed as Independent & Non-Executive Director and the Board feels that the Company will be benefited by his experience.

None of the Directors except Mr. Debabrata Mukherjee is interested or concerned in the resolution.

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

The Board of Directors commend the resolution for your approval.

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

**PRITI SOMANI**  
Company Secretary

Kolkata, 30th June, 2006

**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.**

Mr. Sanjiv Kumar Choudhary, aged 43 years is a commerce graduate from Calcutta University with an experience of 23 years in diverse business activities. He has been a director of the Company since February 1993. He is associated with iron and steel industry for the last 13 years. Mr. Sanjiv Kumar Choudhary is also a director of Gangotri Electrocastings Ltd., Mom's Food Pack Ltd. and other private limited companies.

Mr. Ashok Agarwal, aged 44 years is a commerce graduate with an experience in the field of sales. He has been a director of the Company since October 2002.



## DIRECTORS' REPORT

To

The Members

The Directors have pleasure in presenting the 13th Annual Report of the Company, together with the Audited Accounts, for the year ended 31st March, 2006.

### 1. Financial Results

(Rs. in Lacs)

	2005-2006	2004-2005
Sales & Other Income	2798.46	2260.77
Profit before Interest & Depreciation	204.29	130.51
Less: Interest & Other Financial Charges	37.40	24.42
Less: Depreciation	55.86	21.34
Profit after Interest & Depreciation	111.03	84.75
Less: Provision for Taxation	25.23	9.72
Less: Fringe Benefit Tax	1.62	0.00
Less: Deferred Tax	6.29	33.02
Add: Excess provision of Income Tax	0.02	0.00
<b>Net Profit/(Loss) after Tax</b>	<b>77.91</b>	<b>42.01</b>
Balance as per last year	78.32	36.31
Less: Appropriations		
Interim Dividend (Proposed to be final)	24.88	0.00
Tax on Dividend	3.49	0.00
<b>Balance Carried Forward</b>	<b>127.86</b>	<b>78.32</b>

### 2. Operations

During the year under review the production of M.S Bar was 12769 MT as against 12392 MT in the previous year representing a modest increase of 3% despite suspension of production for about a month at a stretch due to modernization and installation of new machineries. Although the expansion and modernisation was completed but necessary enhanced load of electricity was made available by PESU on 3rd April, 2006 and as such the commercial production could be commenced from middle of April, 2006. However, the Company has witnessed an increase in total income by 85%. The Company has taken various steps, which have resulted in improved operations and profitability. The Company has also altered the product mix in favour of value added THERMEX TMT bars which has resulted in better price realization.

The company has also been awarded ISO 9001:2000 and ISO 14001:1996 certification for its quality management system, practices and environmental concerns. The Products of the Company continues to carry ISI mark.

### 3. Future Prospects

The company has started reaping the benefits of incorporating THERMEX quenching technology to a great extent, which is clearly reflected in the bottom line of the company's results. The future ahead promises to be bright on account of improved and tremendous brand image and media coverage in the State of Bihar. It has broadened the market reach of its GISCO THERMEX TMT products. Gradually the Company is able to sale it's product to various government department and projects resulting in better price realisation.

The Company has applied for approval of Directorate General of Supplies & Disposals (DGS & D) and is expecting to get it shortly. The Company has already acquired substantial land to implement its Greenfield Project at Bihta (Bihar) and the preparatory civil works are in progress. The Company is hopeful to commence the production within this financial year barring unforeseen circumstances.

### 4. Management Discussion and Analysis

#### Business Segment-wise Performance

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

#### Outlook

The industrial sector registered a strong growth during the year, primarily due to the growth of the manufacturing sector of 9%, compared to 8.69% in the previous year. During the year under review, domestic steel production and apparent steel consumption increased by 5.1% and 7.1% respectively, over the previous year. The Indian economy is projected to grow by 8.1% during the fiscal year ended 31st March 2006, compared to 7.5% in the previous year. The Industrial Sector remained buoyant, with output expected to grow 9%, driven by robust performances from manufacturing and construction sectors, as compared to 8.6% in the previous year.

The Company has completed major modernisation cum expansion plan and has enhanced the installed production capacity from 21000 MT to 33000 MT by adding new and balancing equipments. This modernisation cum expansion plan will result in approximately 60% increase in production in future period.

#### 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. The growth rate is likely to accelerate due to the increased expenditure in infrastructure leading to a higher demand for steel. Because of the international demand the price of iron ore is volatile and as a result of which the price and supply of iron ore is not steady and stable and it continues 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.

The new government is anxious for rapid industrialization and has finalised the new industrial policy, which will be beneficial to the Company in the existing unit and as well as for the new Greenfield Project being set up at Bihta (Bihar) with an installed capacity of 100000 tonnes per annum.

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

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

#### **Personnel**

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

#### **5. Dividend**

Dividend aggregating to Rs. 24.88 Lakh @ 7.5% per equity shares of Rs. 10 each has been paid by the Company as interim dividend for the year 2005-06. Your Directors recommend that the interim dividend be fully adjusted as final dividend for the year ended on 31st March, 2006.

#### **6. Finance**

a) During the year under review, the Company has allotted 40 lakh warrants convertible into 1 equity share of Rs. 10 each at a premium of Rs. 13.50 on 24.01.2006 through preferential allotment. An amount aggregating Rs. 94 lakh (i.e 10% of the warrant amount) has been received by the Company.

b) During the year, Company raised Cash Credits, Term Loan and such other facilities aggregating Rs. 4 Crore 95 Lakhs from State Bank of India, Commercial Branch, Patliputra, Patna.

#### **7. Increase in Authorised Capital**

In order to facilitate the issue of share capital in future, the authorised capital of the Company was increased from Rs. 6 Crores to Rs. 9 crores by creation of 30 lakh equity shares of Rs. 10 each.

#### **8. Directors**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sanjiv Kumar Choudhary and Mr. Ashok Agarwal is retiring by rotation and being eligible offers themselves for re-appointment. During the year under review Mr. Debabrata Banerjee was appointed as an Additional Director of the Company and he holds office upto the ensuing Annual General Meeting. The Company has received notice u/s 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director of the Company. You are requested to consider his appointment.

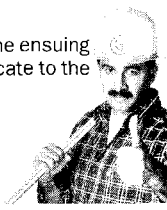
#### **9. Directors' Responsibility Statement**

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

1. in preparation of the Annual Accounts, for the year ended 31st March 2006, all the applicable accounting standards prescribed by the ICAI have been followed.
2. the Directors have adopted such accounting policies and have applied them consistently and have made 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.
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the Directors have prepared the annual accounts on a going concern basis.

#### **10. Auditors**

M/s. Khandelwal Ravindra & Co., 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) Ltd. (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. Voluntary Delisting of the Company's Equity Shares from the Stock Exchanges at Calcutta & Magadh**

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

**13. 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.

**14. 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.

**15. 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.

**16. Industrial Relations**

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

**17. 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.

**18. 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".

**19. Acknowledgement**

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

For and on behalf of the Board

**RAMAUTAR JHUNJHUNWALA**  
Chairman

Kolkata, 30th June, 2006





**“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

<b>A) Power &amp; Fuel Consumption</b>		
	<b>2005-06 M.S.Bar</b>	<b>2004-05 M.S.Bar</b>
1. Electricity		
a) Purchased Unit (KWH)	1270577	1154450
b) Total Amount (Rs.)	87,55,159	79,65,174
c) Rate/Unit (Rs.)	6.89	6.90
2. Coal		
a) Qty (Kg.)	1023782	983377
b) Total Amount (Rs.)	24,80,172	22,56,818
c) Average Rate (Rs.)	2.42	2.29
<b>B) Consumption per unit of Production Product</b>		
	<b>M.S.Bar</b>	<b>M.S.Bar</b>
a) Units (M.T.)	12769.03	12392.162
b) Electricity (KWH)	99.50	93.16
c) Coal (Kg.)	80.18	79.35



**“Annexure B” to Directors’ Report**

**Report on Corporate Governance**

**1. COMPANY’S PHILOSOPHY**

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

**2. BOARD OF DIRECTORS**

The strength of Board of Directors is seven comprising Mr. Ramautar Jhunjhunwala, Chairman, Mr. Sanjiv Kumar Choudhary, Whole Time Director, Mr. Aditya Dalmiya, Mr. Ashok Agarwal, Mr. Debabrata Banerjee, Mr. Narendra Kumar Jaiswal & Mr. Debabrata Mukherjee. Total no. of. Board meetings held during the year were 17 and the dates are as follows: 05.05.05, 04.06.05, 16.06.05, 30.06.05, 18.07.05, 29.07.05, 20.08.05, 29.08.05, 09.09.05, 28.09.05, 25.10.05, 21.11.05, 07.12.05, 14.12.05, 24.01.06, 31.01.06 & 24.03.06. 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. Ramautar Jhunjhunwala	Non Executive & Promoter	17	Yes	5	–	–
Mr. Sanjiv Kumar Choudhary	Executive	10	Yes	5	–	–
Mr. Aditya Dalmiya	Non Executive & Promoter	17	Yes	3	–	–
Mr. Ashok Agarwal	Non Executive & Independent	13	Yes	–	–	–
Mr. Debabrata Banerjee	Non Executive & Independent	6*	Yes	–	–	–
Mr. Narendra Kumar Jaiswal	Non Executive & Independent	6*	Yes	–	–	–
Mr. Debabrata Mukherjee	Non Executive & Independent	–**	No	–	–	–

\* appointed as additional director w.e.f 20.08.2005

\*\* appointed as additional director w.e.f 24.03.2006

**3. AUDIT COMMITTEE**

The Audit Committee was reconstituted during the year and Mr. Debabrata Banerjee & Mr. Narendra Kumar Jaiswal were appointed as chairman and member of the committee and presently it consists of Directors (Mr. Ramautar Jhunjhunwala, 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 were invitees to the meetings. During the financial year ended 31.03.2006 four meetings were held on 28.06.05, 27.07.05, 24.10.05 and 30.01.06.

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

Name	Position	Category	Attendance (2005-06)
Mr. Debabrata Banerjee	Chairman	Independent & Non Executive	2
Mr. Ramautar Jhunjhunwala	Member	Non Executive	4
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 Whole Time Director, whose terms are approved by members of the Company. He is being paid a remuneration of Rs. 50,000/- p.m. Sitting fees is being paid @ Rs. 1000/- per meeting to all the directors other than the Whole Time Director.

Details of No. of shares and convertible instruments held by non-executive directors of the Company is given below:

Name of Director	No. of Equity Shares	No. of Convertible Warrants
Mr. Ramautar Jhunjhunwala	21100	100000
Mr. Aditya Dalmiya	1000	NIL



**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. During the year under review 14 shareholders complaints were received and all of them were resolved to the satisfaction of the shareholders, hence there were no pending complaints at the year-end.

**6. GENERAL BODY MEETINGS**

AGM No.	Date	Time	Venue
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	-do-
12th AGM	28.09.2005	2.00 P.M	-do-

No. of special resolutions passed in previous 3 AGMs:

AGM No.	No. of Special Resolutions passed
10th AGM	NIL
11th AGM	NIL
12th AGM	2 (Two)

No Resolutions were put through postal ballot during the year 2005-2006 and presently there is no proposal for passing any resolution through postal ballot in the ensuing AGM.

**7. DISCLOSURES**

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

The Company has made preferential allotment of warrants convertible into equity shares of Rs. 10 each at a premium of Rs. 13.50 and an amount aggregating Rs. 94 lakh (10% of the warrant amount) has been received by the Company. Majority of this fund has been utilized for purpose of purchase of land at Bihta (Bihar) and its development. Some fund has been utilized for other permissible objects and the balance unutilized fund is lying in the bank.

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.

The Company does not have any Whistle Blower Policy as of now but no personnel is being denied any access to the Audit Committee.

**8. MEANS OF COMMUNICATION**

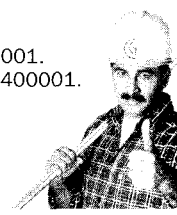
Quarterly, Half-yearly and Annual results of the Company are published in The Times of India/Hindustan Times, Patna (English) and Hindustan, Patna (Hindi). Annual results are sent to each and every shareholder. Management Discussion and Analysis Report forms part of this Annual Report.

**9. GENERAL SHAREHOLDERS INFORMATION**

- Next AGM date, time & venue : Sep. 8, 2006 at 2.00 pm at Bihar Industries Association, Industry House, Sinha Library Road, Patna 800 001, Bihar
- Financial Calendar : April to March
- First Quarter Result : Last week of July 2006
- Second Quarter Result : Last week of Oct 2006
- Third Quarter Result : Last week of January 2007
- Fourth Quarter & Annual Results : End May/June 2007
- Book Closure Date : 4th September, 06 to 8th September, 06
- Dividend Payment Date : Interim Dividend already paid has been proposed as final dividend by the Company.

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

- Listing on Stock Exchanges : The Calcutta Stock Exchange Association Ltd., 7 Lyons Range, Kolkata 700001.  
Bombay Stock Exchange Ltd. 19th Floor, P.J. Towers, Dalal Street, Mumbai 400001.  
The Magadh Stock Exchange Association, Ashiana Plaza, Patna 800001.



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

Stock Code : Bombay Stock Exchange Ltd. - 530945  
 ISIN Number for NSDL & CDSL : INE437F01015  
 Dematerialisation of shares : 41,63,393 out of 4,317,100 equity shares have been dematerialised upto 31.03.2006 representing 96.44% demated shares.  
 Outstanding convertible instrument : 40,00,000 warrants, each convertible into 1 equity share of Rs. 10 each. Warrants to be converted into equity shares on or before 24.07.2007.  
 The manufacturing facilities of the Company are located at Naya Tola, Khagaul Road, Phulwari Sharif, Patna - 801505.  
 Address for Correspondence : **For Share Transfer to our Share Registrar and Transfer Agents:**  
 M/s S.K.Computers, 34 / 1A, Sudhir Chatterjee Street, Kolkata 700006.  
**For General Assistance**  
 307, Ashiana Towers, Exhibition Road, Patna 800001.

#### MARKET PRICE DATA

Details of trading done on Bombay Stock Exchange Ltd. from April'05 to March'06 is given below:

MONTH	HIGH(Rs.)	LOW(Rs.)	VOLUME	BSE	
				SENSEX(HIGH)	(SENSEX)LOW
APRIL'05	13.70	8.98	59806	6649.42	6118.42
MAY'05	19.85	10.02	195885	6772.74	6141.37
JUNE'05	22.75	17.00	359866	7228.21	6647.36
JULY'05	28.40	20.20	417687	7708.59	7123.11
AUG'05	45.00	25.00	3807755	7921.39	7537.50
SEPT'05	36.95	21.45	3682829	8722.17	7818.90
OCT'05	21.80	10.95	1119807	8821.84	7656.15
NOV'05	15.97	13.35	749164	9033.99	7891.23
DEC'05	16.94	13.77	364696	9442.98	8769.56
JAN'06	18.15	15.00	350108	9945.19	9158.44
FEB'06	19.35	16.85	512807	10422.65	9713.51
MARCH'06	19.20	16.05	904223	11356.95	10344.26

Performance of the Company's Share price in comparison to BSE Sensex:

Particulars	GISCO Share Price v/s BSE	
	Share Price (Rs.)	BSE Sensex
As on April 1, 2005	13.60	6605.04
As on April 1, 2006	18.95	11564.36
% Change	39.34	75.08

#### SHARE HOLDING PATTERN (AS ON 31.03.2006)

Category	No. of equity Shares	% of shareholding
Promoters	642030	14.87
Private Corporate Bodies	1009574	23.39
Indian Public	2664933	61.73
NRI / OCB	563	00.01
<b>Total</b>	<b>4317100</b>	<b>100.00</b>

**DISTRIBUTION OF SHARE HOLDING (AS ON 31.3.2006)**

No. of equity Shares held			No. of Folios	% to total	No. of shares	% to total
UPTO		500	722	59.47	180942	04.20
501	to	1000	208	17.13	183485	04.25
1001	to	2000	92	07.58	155711	03.61
2001	to	3000	41	03.38	108957	02.52
3001	to	4000	22	01.81	82406	01.91
4001	to	5000	32	02.64	155507	03.60
5001	to	10000	37	03.05	300100	06.95
10001	to	50000	38	03.13	816989	18.92
50001	to	100000	17	01.40	1286163	29.79
100001	and	above	5	00.41	1046840	24.25
<b>Grand Total</b>			<b>1214</b>	<b>100.00</b>	<b>4317100</b>	<b>100.00</b>

For and on behalf of the Board

Kolkata, 30th June, 2006

**Ramautar Jhunjunwala**  
Chairman**“Annexure C” to Directors’ Report****Auditors’ Report on Corporate Governance**To the Members,  
GANGOTRI IRON & STEEL COMPANY LIMITED

We have examined the compliance of conditions of Corporate Governance by Gangotri Iron & Steel Company Limited for the year ended on 31st March, 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

The compliance of 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 the Corporate Governance as stipulated in the said Clause. 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 based on 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 no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders / Investor’s Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **KHÁNDELWAL RAVINDRA & CO.**  
Chartered AccountantsPlace: Kolkata  
Date: 30th June 2006**RAVINDRA KHÁNDELWAL**  
Proprietor  
Membership No.: 054615

**Certification by CEO of the Company**

I, Sanjiv Kumar Choudhary, Whole Time Director and Chief Executive Officer, to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet as at 31st March, 2006 and Profit & Loss Account, and all its Schedules and Notes on Account, as well as the Cash Flow Statements and Directors' Report for the year ended on that date.
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or does not contain any statement that might be misleading.
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all materials respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Report and are in compliance with the existing Accounting Standards and/or applicable laws and regulations;
4. To the best of my knowledge and belief, no transactions entered into by the Company during the aforesaid period are fraudulent, illegal or violative of the Company's Code of Conduct.
5. I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and I have
  - a. Evaluated the effectiveness of the Company's disclosure, controls and procedures over financial reporting, and
  - b. Disclosed in this report any change in company's internal control over financial reporting that occurred during the company's most recent accounting period that may have materially affected, or is reasonably likely to affect, the company's internal control over financial reporting.
6. I have disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors.
  - a. All deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to such deficiencies, if any;
  - b. Significant changes in internal controls during the period covered by this report, if any;
  - c. All Significant changes in accounting policies during the period, if any, and that the same have been disclosed in the notes to the financial statements.
  - d. No instances of significant fraud of which I am aware, involving management or other employees who have significant role in the Company's internal controls system.
7. I further declare that all board members and senior management personnel have affirmed compliance with the Code of Conduct (since its adoption) during the period under review.

Place: Patna  
Date: 30.06.06

**SANJIV KUMAR CHOUDHARY**  
Whole Time Director & CEO



**AUDITORS' REPORT**

**The Members**

**Gangotri Iron & Steel Company Limited.**

1. We have audited the attached Balance Sheet of Gangotri Iron & Steel Company Limited, as at 31st March 2006 and the related Profit and Loss Account annexed thereto and Cash Flow Statement for the year ended on that date. 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.
2. We have conducted our audit in accordance with the 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that: -
  - 3.1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - (b) The fixed assets have been physically verified by the management during the year and the discrepancies between the book records and the physical inventory noticed on such verification, have been properly dealt with in the books of accounts.
  - (c) The company has not disposed off substantial part of the fixed assets during the year.
  - 3.2 (a) The Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventories are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) The Company has maintained proper records of inventories and the discrepancies noticed on the physical verification of inventories carried out during the year are not material.
  - 3.3 (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or parties covered in register maintained under section 301 of the Act and as such clause (iii) (b), (iii) (c) and (iii) (d) of paragraph 4 of the aforesaid order are not applicable.
  - (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act, 1956 and as such clause (iii) (f) and (iii) (g) of paragraph 4 of the aforesaid order are not applicable.
  - 3.4 In our opinion and according to the information and explanation 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 and services. Further, during the course of our audit we have neither come across nor have we been informed of any continuing failure to correct major weakness in the internal controls.
  - 3.5 (a) According to the information and explanations provided by the management we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act, that need to be entered into the register maintained under section 301 have been so entered.
  - (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 and aggregating during the year to Rs. 5,00,000.00 (Rupees: Five Lacs only.) or more in respect of any party, have been made at prices which are reasonable having regard to the market prices prevailing at the relevant time.



- 3.6 (a) The company has not accepted any deposits during the year from the public under section 58A and 58AA or any other relevant provisions of the Companies Act 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (b) During the course of our audit, we have neither come across nor have been informed of any order passed under the aforesaid sections by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- 3.7 In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
- 3.8 According to the books and records as produced and examined by us and also as per management representations: -
- (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities though there has been slight delay in a few cases.
- (b) As at 31st March, 2006 there are no undisputed statutory dues payable except Entry Tax under Bihar Finance Act, of Rs.12, 046/- for a period of more than six month from the date of they become payable.
- (c) As at 31st march, 2006 according to the records of the Company, the following are the particulars of the disputed dues on account of Excise Duty are as follows:

Nature of the Statue	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	23,05,568.00	1998-2001	High Court, Patna

- 3.9 As per the books of account, the Company has neither accumulated loss as at 31st March 2006 nor it has incurred any cash loss either during the financial year ended on that date and in the immediately preceding financial year.
- 3.10 The Company has not defaulted during the year in repayment of its dues to any financial institution or bank. The Company does not have any debentures outstanding as on 31st March 2006.
- 3.11 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 3.12 In our opinion proper records have been maintained of the transactions and contracts for investments and timely entries have been made therein. The shares, securities, debentures and other investments, which are held by the Company and also pledged to banks, are in the Company's name.
- 3.13 The Company has not given any guarantee for the loans taken by others from banks or financial institutions.
- 3.14 On the basis of review of Utilization of funds pertaining to term loans on overall basis and related information as made available to us, the term loans taken by the Company have been applied for the purposes for which they are obtained.
- 3.15 On the basis of review of Utilization of funds on overall basis, related information as made available to us and as represented to us by the management, the funds raised on short-term basis have not been applied during the year for long-term basis.
- 3.15 The Company has made preferential allotment of warrants convertible into equity shares to parties and companies covered in the register maintained under Section 301 of the Act, during the year, terms and conditions of which, in our opinion, not prejudicial to the interest of the company.
- 3.16 The Company has not issued any debentures and accordingly the question of creation of securities or charge in this regard does not arise.
- 3.17 During the course of examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.





- 3.18 In view of the nature of activities carried out by the Company during the year, in our opinion, the requirements of clauses (vii), (xiii) and (xx) of paragraph 4 of the Order are not applicable to the Company.
4. Further to our comments in the paragraph 3 above, we report that:
- 4.1 We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - 4.2 In our opinion, proper books of account as required by the law have been kept by the company so far as it appears from our examination of those books.
  - 4.3 The Balance Sheet and the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - 4.4 In our opinion, the Balance Sheet and the Profit and Loss Account and the Cash Flow Statement dealt with by this report have been in compliance with the applicable accounting standards referred to in Section 211(3C) of the Act.
  - 4.5 On the basis of written representation received from the Directors, we report that none of the Directors are prima-facie disqualified as on 31st March 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Companies Act 1956, and also give a true and fair 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 2006;
    - ii) in case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **KHANDELWAL RAVINDRA & CO.**  
Chartered Accountants

**RAVINDRA KHANDELWAL**  
Proprietor  
Membership No. 054615

Place: Kolkata  
Date : 30th June, 2006



**BALANCE SHEET AS AT 31ST MARCH, 2006**

	Schedule	As at 31.03.2006		As at 31.03.2005	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>I SOURCES OF FUNDS</b>					
<b>1) Shareholder's Fund</b>					
a) Share Capital	A	52,571,000		34,156,000	
b) Reserve & Surplus	B	30,827,042	83,398,042	7,831,743	41,987,743
<b>2) Loan Funds</b>					
a) Secured Loan	C	49,659,406		16,334,699	
b) Unsecured Loan	D	576,537	50,235,943	576,537	16,911,236
<b>3) Deferred Tax Liability</b>					
			6,302,059		5,673,013
			<b>139,936,044</b>		<b>64,571,992</b>
<b>II APPLICATION OF FUNDS</b>					
<b>1) Fixed Assets</b>					
a) Gross Block	E	62,571,762		31,709,957	
b) Less : Depreciation		13,990,922		11,244,832	
c) Net Block			48,580,840		20,465,125
d) Capital Work in Progress			385,022		—
<b>2) Investments</b>					
	F		4,993,409		—
<b>3) Current Assets, Loans &amp; Advances</b>					
a) Current Assets	G				
Inventories		23,644,480		14,489,422	
Sundry Debtors		69,105,958		12,768,780	
Cash & Bank Balances		10,422,528		3,409,347	
b) Loans & Advances	H	27,967,427		34,639,104	
		131,140,394		65,306,653	
c) Less: Current liabilities & Provisions	I	45,182,950	85,957,444	21,385,516	43,921,137
<b>4) Miscellaneous Expenditure J</b> (to the extent not written off or adjusted)					
a) Share Issue Expenses			—		185,730
b) Pre-Operative Expenses (to be capitalised)			19,329		—
			<b>139,936,044</b>		<b>64,571,992</b>

Significant Accounting Policies R

Notes on Accounts S

Balance Sheet Abstract & Company Profile T

Schedule 'A to J', 'R' & 'S' form an integral part of Balance Sheet

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

**For KHANDELWAL RAVINDRA & CO.**

Chartered Accountant

**(RAVINDRA KHANDELWAL)**

Proprietor

Membership No.: 054615

For and on Behalf of the Board

(Ramautar Jhunjhunwala)

Chairman

Place : Kolkata

Dated : 30th June, 2006

(Priti Somani)  
Company Secretary

(Sanjiv Kumar Choudhary)  
Whole Time Director

**PROFIT & LOSS ACCOUNT**  
For the year ended on 31.03.2006

Particulars	Schedule	For the year ended on 31.03.2006 (Rs.)	For the year ended on 31.03.2005 (Rs.)
<b>I INCOME</b>			
Sales	K	277,735,053	225,840,365
Other Income	L	2,111,318	236,852
Increase/decrease in stock	M	6,836,167	8,861,754
		<b>286,682,538</b>	<b>234,938,971</b>
<b>II EXPENDITURE</b>			
Raw material consumed	N	189,445,949	172,256,986
Trading goods Purchased		1,064,411	1,046,715
Excise Duty		38,268,713	23,682,683
State VAT		10,587,270	6,449,856
Salaries, wages & other benefits	O	2,333,728	1,827,383
Other Manufacturing & Adm. Expenses	P	24,553,392	16,624,044
Interest & Other Financial Charges	Q	3,740,275	2,442,323
Depreciation		5,585,732	2,134,277
		<b>275,579,471</b>	<b>226,464,268</b>
<b>III Profit before taxation</b>		<b>11,103,067</b>	<b>8,474,703</b>
Less: Provision for Current Tax		(2,523,449)	(971,844)
Less: Fringe Benefit Tax		(161,799)	—
Less: Provision for Deferred Tax		(629,046)	(3,302,174)
Add: Excess provision of Income tax for earlier years		2,012	—
<b>IV Profit after taxation</b>		<b>7,790,785</b>	<b>4,200,685</b>
Add: Profit brought forward		7,831,743	3,631,058
<b>V Profit available for Appropriation</b>		<b>15,622,528</b>	<b>7,831,743</b>
<b>Appropriations</b>			
Interim Dividend (Proposed to be final)		2,487,600	
Tax on Dividend		348,886	
<b>Balance carried to Balance Sheet</b>		<b>12,786,042</b>	<b>7,831,743</b>
		<b>15,622,528</b>	<b>7,831,743</b>

Earnings Per Share - Basic	2.06	1.27
- Diluted	1.72	—

Significant Accounting Policies	R
Notes on Accounts	S
Balance Sheet Abstract & Company Profile	T

Schedule 'K to Q', 'R' & 'S' form an integral part of Profit & Loss Account

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

**For KHANDELWAL RAVINDRA & CO.**  
Chartered Accountants

**(RAVINDRA KHANDELWAL)**  
Proprietor  
Membership No.: 054615

Place : Kolkata  
Dated : 30th June, 2006

(Priti Somani)  
Company Secretary

For and on Behalf of the Board

(Ramautar Jhunjhunwala)  
Chairman

(Sanjiv Kumar Choudhary)  
Whole Time Director



**(Schedules Forming Part of the Balance Sheet)**

	As at 31.03.2006		As at 31.03.2005	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>SCHEDULE 'A'</b>				
<b>Share Capital</b>				
Authorised Capital :				
90,00,000 (Previous year		<u>90,000,000</u>		<u>60,000,000</u>
60,00,000) equity shares				
of Rs.10/- each				
Issued, Subscribed & Paid up :				
43,17,100 equity shares of	43,171,000		43,171,000	
Rs.10/-each				
Less: Calls in Arrears	—		<u>9,015,000</u>	
		43,171,000		34,156,000
Share Capital Suspense Account				
Convertible Warrants		9,400,000		—
(40,00,000 Convertible Warrants				
issued on Preferential basis				
to be converted into one equity shares				
of Rs. 10 each at a premium of				
Rs. 13.50 per share on payment				
of balance amount				
		<u>52,571,000</u>		<u>34,156,000</u>
<b>SCHEDULE 'B'</b>				
<b>Reserves &amp; Surplus</b>				
a) Capital Reserve		18,041,000		—
b) Surplus in Profit & Loss Account		<u>12,786,042</u>		<u>7,831,743</u>
		<u>30,827,042</u>		<u>7,831,743</u>
Note : Capital reserve has been credited on account of sale of forfeited 1803400 equity shares @ Rs. 15 per share during the year				
<b>SCHEDULE 'C'</b>				
<b>Secured Loans</b>				
a) Term loan with S.B.I., Patliputra		15,126,880		609,915
(Including interest accrued and due )				
b) Cash Credit with S.B.I., Patliputra		31,586,423		13,905,752
c) SME Plus from S.B.I., Patliputra		2,525,500		1,819,032
d) HDFC Bank Car Loan		420,603		—
		<u>49,659,406</u>		<u>16,334,699</u>
Note :				
1) Cash Credit Limit and Term Loan is secured by Hypothecation of finished goods, work-in-progress, raw materials, consumables, Book Debts and Fixed Deposits of Rs. 30.00 lakhs and mortgage of Buildings and Plant & Machinery at the factory premises of the company along with Personal Guarantee by four Directors of the Company and three other persons including relatives of Directors.				
2) HDFC Car Loan is secured by hypothecation of vehicle.				
<b>SCHEDULE 'D'</b>				
<b>Unsecured Loan</b>				
Loan from a Company		576,537		576,537
		<u>576,537</u>		<u>576,537</u>

## (Schedule Forming Part of of the Balance Sheet)

**SCHEDULE 'E'****Fixed Assets**

(Amount in Rs.)

Particulars	Gross Block			Depreciation				Net Block		
	As on 01.04.2005	Addition	Deletion	As on 31.03.06	As on 01.04.05	During Adjustments the year	As on 31.03.06	As on 31.03.06	As on 31.03.05	
Lease hold land	166,891	—	—	166,891	93,459	6,676	—	100,135	66,756	73,432
Plant & machinery	14,300,108	19,710,722	—	34,010,830	5,653,069	871,637	—	6,524,706	27,486,124	8,647,039
Shed & Building & Civil Construction.	5,997,752	1,210,375	—	7,208,127	1,892,244	208,632	—	2,100,876	5,107,251	4,105,508
Electric Installation	2,557,995	3,392,372	—	5,950,367	1,351,173	154,535	—	1,505,708	4,444,659	1,206,822
Rolls	2,840,971	3,877,594	2,840,971	3,877,594	118,738	3,933,714	2,840,971	1,211,481	2,666,113	2,722,233
Computer	22,050	285,445	—	307,495	421	25,461	—	25,882	281,613	21,629
Weighing machine	251,023	785,280	—	1,036,303	132,169	27,012	—	159,181	877,121	118,854
Generator	237,214	—	—	237,214	124,897	11,268	—	136,165	101,049	112,317
Other Machinery	3,712,908	412,829	—	4,125,737	1,075,771	183,287	—	1,259,058	2,866,678	2,637,137
Furniture & Fixture	385,080	61,975	—	447,055	273,031	27,329	—	300,360	146,695	112,049
Office Equipments	316,901	61,466	—	378,367	82,359	15,813	—	98,172	280,195	234,542
Vehicles	860,283	1,005,797	—	1,866,080	429,794	117,312	—	547,106	1,318,974	430,489
Laboratory Equipment	53,153	8,195	—	61,348	15,894	2,693	—	18,587	42,761	37,259
Fire Extinguishers	7,628	—	—	7,628	1,813	362	—	2,175	5,453	5,815
<b>Sub-Total</b>	<b>31,709,957</b>	<b>30,812,050</b>	<b>2,840,971</b>	<b>59,681,036</b>	<b>11,244,832</b>	<b>5,585,732</b>	<b>2,840,971</b>	<b>13,989,593</b>	<b>45,691,443</b>	<b>20,465,125</b>
<b>Unit - II</b>										
Vehicle	—	42,296	—	42,296	—	980	—	980	41,316	—
Other Machinery	—	49,680	—	49,680	—	349	—	349	49,331	—
Land	—	2,798,750	—	2,798,750	—	—	—	—	2,798,750	—
<b>Sub-Total</b>		<b>2,890,726</b>		<b>2,890,726</b>		<b>1,329</b>		<b>1,329</b>	<b>2,889,397</b>	
<b>Total</b>	<b>31,709,957</b>	<b>33,702,776</b>	<b>2,840,971</b>	<b>62,571,762</b>	<b>11,244,832</b>	<b>5,587,061</b>	<b>2,840,971</b>	<b>13,990,922</b>	<b>48,580,840</b>	<b>20,465,125</b>
Capital Work in progress ( Unit -II)										
Civil Works									385,022	—
<b>GRAND TOTAL</b>	<b>31,709,957</b>	<b>33,702,776</b>	<b>2,840,971</b>	<b>62,571,762</b>	<b>11,244,832</b>	<b>5,587,061</b>	<b>2,840,971</b>	<b>13,990,922</b>	<b>48,965,862</b>	<b>20,465,125</b>
Previous Year	30,578,894	2,831,842	1,700,780	31,709,957	10,811,333	2,134,277	1,700,780	11,244,831	20,465,125	19,767,560

**(Schedules Forming Part of the Balance Sheet)**

**SCHEDULE 'F'**

**Investments**

Long Term investment

Name of the Company	Face	Quantity	Value	Quantity	Value
	Value	as at	as at	as at	as at
	(Rs.)	31.03.06	31.03.06	31.03.05	31.03.05
		(No.)	(Rs.)	(Rs.)	(Rs.)
Quoted Equity Shares					
BSEL Infrastructure Realty Ltd.	10	10,000	440,900	—	—
Filmcity Media Ltd.	1	50,000	165,998	—	—
HT Media Ltd.	10	1,000	667,755	—	—
National Organic Chemical Industries Ltd.	10	10,000	317,755	—	—
Pentium Infotech Limited.	1	75,000	233,990	—	—
S. Kumars' Nationwide Ltd.	10	10,000	621,288	—	—
Singer India Ltd.	10	10,000	280,095	—	—
Southern Iron & Steel Company Ltd.	10	20,000	644,478	—	—
Mysore Cement Ltd.	10	15,000	487,645	—	—
ESI Ltd.	10	2,000	490,970	—	—
Vaibhav Gems Ltd.	10	546	224,174	—	—
Prism Cement Ltd.	10	10,000	265,321	—	—
Reliance Natural Resources Ltd.	5	5,000	153,039	—	—
			<u>4,993,409</u>		

Market value of the Quoted Investment as on 31st March, 2006 is Rs.41,55,208/- (previous year NIL)

As at 31.03.2006		As at 31.03.2005	
(Rs.)	(Rs.)	(Rs.)	(Rs.)

**SCHEDULE 'G'**

**Current Assets**

**Stock In Trade**

Raw material	2,174,982		1,764,617	
Finished goods	16,379,216		10,743,722	
Trading Goods	962,419		107,010	
Scrap	<u>163,533</u>	19,680,150	<u>146,270</u>	12,761,619

**Stock :**

Coal	432,258		85,779	
Discarded Machine	310,898		310,898	
Scrap Rolls	760,000		432,000	
Stores & Rolls	<u>2,461,173</u>	3,964,329	<u>899,126</u>	1,727,803

**Sundry Debtors**

Outstanding for more than Six months	14,217,243		619,265	
Other Debts	<u>54,888,715</u>	69,105,958	<u>12,149,515</u>	12,768,780

**Cash & Bank Balances**

Cash in hand	1,396,078		2,148,825	
Bank Balance with scheduled bank				
In current Account	5,869,555		508,322	
In Fixed Deposit	3,109,690		50,000	

Cheques/DDs in hand	5,005		660,000	
Interest accrued on Fixed Deposit	<u>42,200</u>	<u>10,422,528</u>	<u>42,200</u>	<u>3,409,347</u>
		<u>103,172,966</u>		<u>30,667,550</u>

**Note:**

- 1) Fixed Deposit receipts of Rs.50,000/- (Previous Year Rs.50,000/-) lodged with Central Excise Authority at Patna
- 2) Fixed Deposit receipts of Rs.30,59,690/- (Previous Year Nil/-) lodged with SBI, Patliputra Branch, Patna against credit facilities.



## (Schedules Forming Part of the Balance Sheet)

	As at 31.03.2006		As at 31.03.2005	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>SCHEDULE 'H'</b>				
<b>Loans &amp; Advances</b>				
(Unsecured, Considered good)				
Loans		2,304,506		2,108,284
Advances (recoverable in cash or in kind or for value to be received)		17,939,664		28,098,481
Sales Tax Deposit with Supplier		—		292,585
Advance Income Tax & TDS		2,382,437		1,485,875
Advance Central Excise duty & Service Tax		2,030,015		361,664
Pre-deposit of Excise duty		435,000		55,000
Advance Sales Tax & Entry Tax		480,752		301,240
Prepaid Expenses		151,410		115,709
Security Deposits		2,243,643		1,820,266
		<u>27,967,427</u>		<u>34,639,104</u>
<b>SCHEDULE 'I'</b>				
Current Liabilities & Provisions				
a) Current Liability				
Sundry creditors for Goods		18,572,102		5,180,421
Sundry creditors for Capital Goods		607,189		—
Advance from Customers		12,552,307		8,134,295
Security Deposit from Dealers		2,294,953		1,455,555
Sundry Creditors for Exp. & Taxes		<u>8,434,949</u>	42,461,501	<u>5,643,401</u>
b) Provisions				
Provision for Income Tax		2,523,449		971,844
Provision for Gratuity & Leave Encashment		<u>198,000</u>	2,721,449	<u>—</u>
			<u>45,182,950</u>	<u>21,385,516</u>
<b>SCHEDULE 'J'</b>				
<b>Miscellaneous Expenditure</b>				
(to the extent not written off or adjusted)				
(a) Share Issue Expenses				
		185,730		409,164
Less: Written off during the year		<u>185,730</u>	—	<u>223,434</u>
(b) Pre-Operative Expenditure				
Lease Rent on Land		18,000		—
Depreciation on Fixed Assets		1,329	19,329	—
			<u>19,329</u>	<u>185,730</u>



**(Schedules Forming Part of the Profit & Loss A/c)**

	For the year ended 31.03.2006		For the year ended 31.03.2005	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>SCHEDULE 'K'</b>				
<b>Sales</b>				
Finished Goods				
Direct Sales		269,415,402		167,192,940
Consignment Sales		3,620,350		57,435,763
Scrap		4,604,663		265,036
Trading Goods		<u>94,638</u>		<u>946,626</u>
		<u>277,735,053</u>		<u>225,840,365</u>
<b>SCHEDULE 'L'</b>				
<b>Other Income</b>				
Short term capital gain		594,296		—
Profit on Derivative Trading and Share Speculation		1,178,697		—
Interest on Loan*		252,994		231,064
Interest on Fixed Deposit*		75,443		—
Interest on Income Tax Refund		194		444
Miscellaneous Income		694		5,344
Dividend		9,000		—
		<u>2,111,318</u>		<u>236,852</u>
* TDS deducted Rs. 72,787/-(P.Y. Rs.48,315/-)				
<b>SCHEDULE 'M'</b>				
<b>Increase/Decrease in Stock</b>				
<b>Opening Stock</b>		10,743,722		1,909,694
Trading goods		107,010		—
Scrap Rolls		432,000		188,000
Scrap		<u>146,270</u>		<u>469,554</u>
		11,429,002		2,567,248
<b>Less: Closing Stock</b>				
Finished Goods		16,379,216		10,743,722
Trading Goods		962,419		107,010
Scrap Rolls		760,000		432,000
Scrap		<u>163,533</u>		<u>146,270</u>
		18,265,169		11,429,002
		<u>6,836,167</u>		<u>8,861,754</u>
<b>SCHEDULE 'N'</b>				
<b>Raw material Consumed</b>				
Opening Stock		1,764,617		5,311,135
Add: Purchase during the year		<u>189,856,314</u>		<u>168,710,469</u>
		191,620,931		174,021,604
Less: Closing stock		<u>2,174,982</u>		<u>1,764,617</u>
		189,445,949		172,256,986





**(Schedules Forming Part of the Profit & Loss A/c)**

	For the year ended 31.03.2006		For the year ended 31.03.2005	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>SCHEDULE 'O'</b>				
<b>Salaries, wages &amp; other benefits</b>		1,877,364		1,557,245
Employer Contribution to Provident Fund.		205,386		178,648
Workman & Staff Welfare expenses		250,978		91,490
		<u>2,333,728</u>		<u>1,827,383</u>
<b>SCHEDULE 'P'</b>				
Other Manufacturing & Administrative Expenses				
Stores Consumed		1,915,359		1,363,120
Power & Fuel		11,367,778		10,309,295
Gas Cutting Charges		255,415		189,710
Electricity Charges		75,529		56,619
Advertisement Expenses		4,824,133		58,852
Sales & Business Promotion Exp.		1,229,144		48,503
Finished goods Packaging Exp.		455,509		218,983
Royalty		30,000		—
Lease Rent		656,157		550,414
Insurance		134,333		124,769
Telephone & Mobile Charges		208,725		198,309
Legal & Professional Charges		251,250		268,217
Traveling & Conveyance		173,822		33,807
Printing & Stationary		133,702		67,506
Car Rental Charges		180,000		180,000
Repair & Maintenance to :				
Plant & Machinery		67,932		291,811
Other		28,521		43,220
Vehicle		260,634		176,460
Director's Remuneration		518,000		120,000
Auditor's Remuneration		25,250		11,571
Share Maintenance Charges		318,724		112,351
Miscellaneous Expenses		659,327		277,486
Freight on Consignment Sale		63,196		1,026,900
Labour Charges on Consignment		—		68,845
Commission on Consignment Sale		4,238		234,446
Balances Written off		371,097		360,308
Preliminary & Share Issue Exp. W/O		185,730		223,434
Quality & Testing Charges		159,889		9,108
		<u>24,553,392</u>		<u>16,624,044</u>
<b>SCHEDULE 'Q'</b>				
<b>Interest &amp; Other Financial Charges</b>				
To Bank				
Cash Credit ( stock) A/c		1,692,575		1,242,394
Cash Credit ( Book-debts) A/c		743,570		434,077
SME Credit Plus		208,159		166,314
Term Loan		583,238		193,747
Bank Charges		392,322		105,456
Vehicle Financing Charges		8,603		—
Others		111,808		300,335
		<u>3,740,275</u>		<u>2,442,323</u>



**SCHEDULE - 'R'**

**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.
- c) The company assesses at each Balance Sheet date whether there is any indication of an asset being impaired. In case, the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for impairment loss.

2) **INVESTMENT:**

Investments are stated at cost. Provision for diminutions in the value is not considered unless such short fall is permanent in nature.

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) The Value of the Opening Stock and Closing Stock of Finished Goods includes Excise Duty as per Guidance Note issued by ICAI " ACCOUNTING TREATMENT OF EXCISE DUTY"

5) **SHARE ISSUE EXPENSES**

It is amortised over a period of 10 years as per section 35D of the Income-tax Act 1961

6) **REVENUE RECOGNITION:**

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

7) **EXPENDITURE:**

All the recurring expenses are accounted for mercantile basis.

8) **TAXES ON INCOME:**

Current Tax is determined on the amount of tax payable in respect of taxable income for the year.

The deferred tax charge or credit is recognised using current tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the year and available case laws, to reassess realisation/liabilities.

- 9) The basic Earning per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares out standing during the year. For the purpose of the calculating Diluted earning per share, net profit after tax for the year and the weighted average number of the share outstanding during the year are adjusted of the effect of all dilutive potential equity shares. The Dilutive potential equity shares are deemed converted as the beginning of the period, unless they have been issued at later date.



**(Schedules Forming Part of the Balance Sheet & Profit & Loss A/c)**

**SCHEDULE - 'S'**

**NOTES ON ACCOUNTS:**

- 1) Contingent Liability not provided for in respect of :
- a) No provision for Rs.28,23,737/- ( previous year,25,34,835/-) has been made in the accounts towards annual minimum charges for electricity for the years 1998-99,1999-00, 2000-01 & 2002-03,2003-04 and 2004-05 against which Rs.12,43,149/- (previous year Rs,12,43,149/-) has been paid. The matter is pending before Bihar State Electricity Board for final settlement.
- b) No provision for Rs.11,61,905/- has been made in the accounts towards DPS charges on annual minimum charges for electricity for the years 1995-96, 1996-97 & 1997-98 against which no amount has been paid. The matter is pending before Bihar State Electricity Board for final settlement
- c) Disputed Excise Duty Matters U/s 3A of Central Excise Act,1944 pending with High Court , Patna related to year 1998-99,1999-2000 1,443,471
- d) Disputed Excise Duty Matters for year 2002-03 in appeal pending with CESTAT, Kolkata 92,935
- 2) Capital contracts outstandings are for Rs.49,34,440/- (P.Y Nil) against which advances are made of Rs.24,70,200/- (P.Y. Nil)
- 3) Whole time Director's Remuneration :
- |              |                   |                 |
|--------------|-------------------|-----------------|
|              | <b>31.03.2006</b> | 31.03.2005      |
|              | <b>(Rs.)</b>      | <b>(Rs.)</b>    |
| Basic Salary | <u>4,80,000</u>   | 1,20,000        |
|              | <u>4,80,000</u>   | <u>1,20,000</u> |
- 4) Auditor's Remuneration:
- |                         |                   |               |
|-------------------------|-------------------|---------------|
|                         | <b>31.03.2006</b> | 31.03.2005    |
|                         | <b>(Rs.)</b>      | <b>(Rs.)</b>  |
| i) Statutory Audit Fees | <u>20,000</u>     | 11,571        |
| ii) for other services  | <u>5,250</u>      | —             |
|                         | <u>25,250</u>     | <u>11,571</u> |
- 5) Major Components of Deferred Tax Assets/Liability :

Particulars	2005-06		2004-05	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
	Rupees	Rupees	Rupees	Rupees
Difference between book value of Depreciable Assets as per books of Account and W.D.V. for tax purposes	—	6,395,013		4,204,423
Unpaid Statutory Liabilities debited to Profit and Loss A/c paid during the year	92,954	—	28,992	32,314
Unabsorbed Depreciation and Carry Forward Loss for Tax purposes	—	—		1,465,268
<b>Total</b>	<b>92,954</b>	<b>6,395,013</b>	<b>28,992</b>	<b>5,702,005</b>



**(Schedules Forming Part of the Balance Sheet & Profit & Loss A/c)**

Net Deferred tax Liability	6,302,059	5,673,013
Net Incremental liability Charged to Profit &	629,046	3,302,174

Loss Account

6) Related Party Disclosure :-

As per Accounting Standard (AS - 18) issued by the institute of Chartered of Accountants of India, the related parties' disclosure is as under:

A) List of Related Parties:

i) Company in which Directors have substantial interest:-  
Gangotri Electrocastings Ltd.

ii) Key Management Personnel

Ramautar Jhunjunwala	Chairman
Sanjiv Kumar Choudhary	Whole time Director

ii) Relatives of Key Management Personnel:-

Smt. Manju Choudhary (Wife of Mr. Sanjiv Kumar Choudhary)  
Smt. Shakuntla Jhunjunwala (Wife of Mr. R. Jhunjunwala)

B) Transaction with Related Parties :

	Associates		Relatives of Key Management Personnel		Key Management Personnel	
	31.03.2006 Rs.	31.03.2005 Rs.	31.03.2006 Rs.	31.03.2005 Rs.	31.03.2006 Rs.	31.03.2005 Rs.
Purchase of Goods	221,738,381	3,000,197	—	—	—	—
Job Work	—	56,625,303	—	—	—	—
Car Hire Charges	—	—	180,000	180,000	—	—
Rent	—	—	72,000	—	—	—
Rendering of Services	—	—	—	—	487,000.00	120,000.00

- 7) There is no outstanding dues to the Small Scale Industrial Undertakings as has been identified on the basis of information available with the Company.
- 8) Pre-operative Expenses of Rs.19,329/- has been incurred against the expansion project undertaken by the company to be capitalised on commencement of commercial production of the said project.
- 9) In accordance with the requirements of Accounting Standard (AS 17) on Segment Reporting issued by the Institute of Chartered Accountants of India, the Company operates in only one primary segment i.e. M.S.Bar. There are no reportable geographical segments.
- 10) The company is in the process of getting actuarial valuation done in respect of gratuity and leave encashment liability Pending Which the company has recognised the said liability.



**(Schedules Forming Part of the Balance Sheet & Profit & Loss A/c)**

11) The basis of the calculation of Earnings per share (EPS) as per the requirement of the AS-20 is as under::

Particulars	At 31.03.2006	At 31.03.2005
<b>Earnings:</b>		
Net profit for the year (for both basic and diluted EPS) (Rs.)	7,790,785	4,200,685
<b>Shares:</b>		
Total number of the equity shares outstanding at the end of the year.	4,317,100	43,171,000
Weighted average no of the equity shares out standing during the year (for the basic EPS)	3,789,479	3,308,063
Weighted average no of the equity shares out standing during the year (for the Diluted EPS)	4,523,726	—
Earning per share of par value Rs.10/-		
<b>-Basic (Rs.)</b>	<b>2.06</b>	<b>1.27</b>
<b>-Diluted (Rs.)</b>	<b>1.72</b>	<b>—</b>

12) Previous year figures have been re-arranged or re-grouped where ever necessary.

13) 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) Licensed Capacity	Not Applicable
ii) Installed Capacity (as certified by the management)	33000 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

SIGNED FOR IDENTIFICATION

Signature to Schedule No. A to S

**For KHANDELWAL RAVINDRA & CO.**

Chartered Accountants

For and on Behalf of the Board

(Ramautar Jhunjhunwala)  
Chairman

**(RAVINDRA KHANDELWAL)**

Proprietor

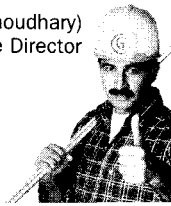
Member Ship No.: 054615

Place: Kolkata

Dated : 30th June, 2006

(Priti Somani)  
Company Secretary

(Sanjiv Kumar Choudhary)  
Whole Time Director



**ANNEXURE- A QUANTITATIVE DETAILS OF RAW MATERIALS & FINISHED GOODS  
FOR THE YEAR ENDED 31ST MARCH 2006**

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 (2005-06)	160.056	1,764,617	13,584.940	189,856,314	13,744.996	191,620,931	13,581.586	189,445,949		163.410	2,174,982
(2004-05)	354.901	4,595,968	12,471.000	53,937,078	12,825.901	58,533,046	12,665.845	56,768,429	-	160.056	1,764,617
Non Alloy Ingot (2005-06)*	-	-	-	-	-	-	-	-		-	-
(2004-05)*	-	-	228.170	2,777,960	228.170	2,777,960	228.170	2,777,960		-	-
Sponge Iron /Scrap(2005-06)											
(2004-05)	75.066	667,941	13,571.805	108,221,684	13,646.871	108,889,625	13,646.871**	108,889,625		-	-
Silico Magnese (2005-06)											
(2004-05)	1.580	47,226	129.035	3,768,042	130.615	3,815,268	130.615**	3,815,268		-	-
<b>Total (2005-06)</b>	<b>160.06</b>	<b>1,764,617</b>	<b>13,584.940</b>	<b>189,856,314</b>	<b>13,745.00</b>	<b>191,620,931</b>	<b>13,581.59</b>	<b>189,445,949</b>		<b>163.41</b>	<b>2,174,982</b>
<b>(2004-05)</b>	<b>431.547</b>	<b>5,311,135</b>	<b>26,400.010</b>	<b>168,704,764</b>	<b>26,831.557</b>	<b>174,015,899</b>	<b>26,671.501</b>	<b>172,251,281</b>		<b>160.056</b>	<b>1,764,617</b>
<b>FINISHED GOODS</b>											
M.S.Bars (2005-06)	605.820	10,743,722	12,769.063	-	13,374.883	-	12,505.675	273,035,752		869.208	16,379,216
(2004-05)	102.334	1,909,694	12,392.162	-	12,494.496	-	11,888.676	224,628,703		605.820	10,743,722
Scrap (2005-06)	44.910	146,270	405.105	-	450.015	-	432.870	4,604,663		17.145	163,533
(2004-05)	48.308	469,554	180.662	-	228.970	-	34.770	265,036	-	44.910	146,270
							149.290 \$				
Scrap Rolls (2005-06)	43.200	432,000	32.800	-	76.000	-	-	-		76.000	760,000
(2004-05)	18.800	188,000	24.400	-	43.200	-	-	-		43.200	432,000
<b>TRADING GOODS</b>											
Wire Rod (2005-06)	-	-	10.460	206,840	10.460	-	1.050	22,386		9.410	186,077
(2004-05)	-	-	-	-	-	-	-	-		-	-
M.S.Bar (2005-06)	-	-	9.090	207,252	9.090	-	-	-		9.090	207,252
(2004-05)	-	-	-	-	-	-	-	-		-	-
TMT Bar (SAIL) (2005-06)	4.100	107,010	24.890	645,110	28.990	-	2.715	72,252		26.275	569,090
(2004-05)	-	-	38.705	1,046,715	38.705	-	34.605	946,626		4.100	107,010
<b>Total (2005-06)</b>	<b>698.030</b>	<b>11,429,002</b>	<b>13,251.408</b>	<b>1,059,202</b>	<b>13,949.438</b>	<b>-</b>	<b>12,942.310 #</b>	<b>277,735,053</b>	<b>-</b>	<b>1,007.128</b>	<b>18,265,169</b>
<b>(2004-05)</b>	<b>169.442</b>	<b>2,567,248</b>	<b>12,635.929</b>	<b>1,046,715</b>	<b>12,805.371</b>	<b>-</b>	<b>11,958.051</b>	<b>225,840,365</b>	<b>-</b>	<b>698.030</b>	<b>11,429,002</b>

\* Conversion under Job Work

\*\* consumption at job worker

\$ captively consumed at Job worker

**Cash Flow Statement as at 31st March,2006**

	as at 31st March 2006 (Rs.)	as at 31st March 2005 (Rs.)
<b>A. Cash Flow from Operating Activities :</b>		
Net Profit before tax and Extraordinary Items	11,103,067	8,474,703
Adjustment for :		
Depreciation	5,587,061	2,134,277
Interest and other financial charges	3,740,275	2,442,323
Share issue & Preliminary Expenses written off	185,730	223,434
	<u>20,616,133</u>	<u>13,274,737</u>
Adjustment for:		
Dividend Received	(9,000)	-
Interest Received	(328,631)	(231,508)
Operating Profit before working capital changes	<u>20,278,501</u>	<u>13,043,230</u>
Adjustment for :		
Current Assets	(58,624,337)	(19,814,154)
Current Liabilities	23,797,434	14,390,694
(Increase)/Decrease in Current Assets	<u>(34,826,903)</u>	<u>(5,423,460)</u>
Cash Generated from Operations	(14,548,402)	7,619,770
Direct Tax Paid	(2,687,260)	(971,844)
<b>Cash Flow from Operating Activities</b>	<b><u>(17,235,662)</u></b>	<b><u>6,647,926</u></b>
<b>B. Cash Flow from Investing Activities</b>		
Loan Given/Repayment of Loan	(196,222)	(182,749)
Purchase of Fixed Assets	(34,087,798)	(2,831,842)
Pre-operative Exp.	(19,329)	-
Interest Received	328,631	231,508
Dividend Received	9,000	-
Sale (Purchase) of investment	(4,993,409)	-
Maturity of fixed deposits/FD taken	(3,059,690)	-
	<b><u>(42,018,816)</u></b>	<b><u>(2,783,083)</u></b>
<b>C. Cash Flow from Financial Activities :</b>		
Issue of Forfeited Shares	27,051,000	-
Issue of Share Warrants	9,400,000	-
Calls in Arrear	5,000	1,204,000
Increase/(decrease) of Bank Borrowings	18,807,742	1,085,255
Term Loan from the Bank	14,516,965	(1,119,787)
Interest & other financial Charges	(3,740,275)	(2,442,323)
Dividend Paid	(2,836,486)	-
	<b><u>63,203,946</u></b>	<b><u>(1,272,855)</u></b>
Net Increase in cash and cash equivalents	3,949,468	2,591,988
Cash and Cash equivalents at the beginning of the year	<u>3,317,147</u>	<u>725,159</u>
Cash and Cash equivalents at the end of the year	<b><u>7,266,615</u></b>	<b><u>3,317,147</u></b>

SIGNED FOR IDENTIFICATION

Signature to Schedule No. A to S

**For KHANDELWAL RAVINDRA & CO.**

Chartered Accountants

For and on Behalf of the Board

 (Ramautar Jhunjunwala)  
 Chairman

**(RAVINDRA KHANDELWAL)**

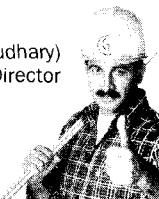
Proprietor

Member Ship No.: 054615

Place: Kolkata

Dated : 30th June, 2006

 (Priti Somani)  
 Company Secretary

 (Sanjiv Kumar Choudhary)  
 Whole Time Director


**(Schedules Forming Part of the Balance Sheet & Profit & Loss A/c)**

**SCHEDULE - 'T'**

**INFORMATION PURSUANT TO PART IV OF THE COMPANIES ACT, 1956**

**Balance Sheet Abstract and Company's General Business Profile**

**I. REGISTRATION DETAILS**

Registration No.	:	5129	State Code	:	03
Balance Sheet Date	:	31.03.2006			

**II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. '000)**

Public Issue	:	NIL	Right Issue	:	NIL
Bonus Issue	:	NIL	Private Placement	:	9400

**III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUND (Amount in Rs. '000)**

Total Liabilities	:	139,936	Total Assets	:	139,936
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**SOURCES OF FUND**

Paid-Up Capital	:	43,171	Reserves & Surplus	:	30,827
Secured Loans	:	49,659	Unsecured Loans	:	577
Deferred Tax Liability	:	6,302			

**APPLICATION OF FUND**

Net Fixed Assets	:	48,581	Investments	:	4,993
Net Current Assets	:	85,957	Misc. Expenditure	:	19
Accumulated Losses	:	NIL			

**IV. PERFORMANCE OF THE COMPANY (Amount in Rs. '000)**

Turnover	:	286,683	Total Expenditure	:	275,579
Profit Before Tax	:	11,103	Profit after tax	:	15,623
Earning per share in Rs.	:	2.06	Dividend rate %	:	7.5%

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY**

(as per monetary terms)

Production Description	Item Code No.
MS Deformed Cold Twisted Bar	7213

**SIGNED FOR IDENTIFICATION**

Signature to Schedule No. A to S

**For KHADELWAL RAVINDRA & CO.**

Chartered Accountants

For and on Behalf of the Board

(Ramautar Jhunjhunwala)

Chairman

**(RAVINDRA KHADELWAL)**

Proprietor

Member Ship No.: 054615

Place: Kolkata

Dated : 30th June, 2006

(Priti Somani)  
Company Secretary

(Sanjiv Kumar Choudhary)  
Whole Time Director



**PROXY FORM**

Folio No./Client ID .....  
No. of Shares held .....

I/We ..... of .....  
..... in the District of ..... being a member(s) of GANGOTRI IRON  
& STEEL COMPANY LIMITED hereby appoint ..... of  
..... in the district of  
..... as my / our proxy to vote for me / us on my / our behalf at the 13TH  
ANNUAL GENERAL MEETING of the Company to be held at Bihar Industries Association, Industry House, Sinha Library Road,  
Patna 800 001, Bihar on Friday the 8th September, 2006 at 2.00P.M. and at any adjournment thereof.

Signed this ..... day of ..... 2006.

Signature .....

Note: The proxy form duly completed may be deposited at the Registered Office of the Company not less than 48 hours  
before the time for holding the meeting. A proxy need not be a member.

**GANGOTRI IRON & STEEL COMPANY LIMITED**  
Regd. Office: 307, Ashiana Towers  
Exhibition Road, Patna 800 001

**ATTENDANCE SLIP**

Shareholders attending the meeting in person or by the proxy are requested to complete the attendance slip and hand it over  
at the entrance of the meeting hall.

I hereby record my presence at the 13TH ANNUAL GENERAL MEETING of the Company at Bihar Industries Association,  
Industry House, Sinha Library Road, Patna 800 001, Bihar on Friday the 8th September, 2006 at 2.00 P.M. and at any  
adjournment thereof.

.....  
Full name of the shareholder  
(in Block Letters)

.....  
Signature

Folio No./Client ID.....

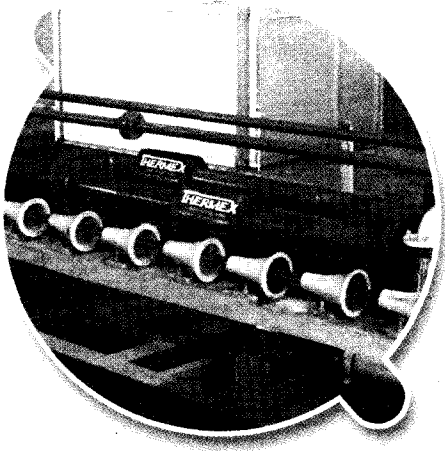
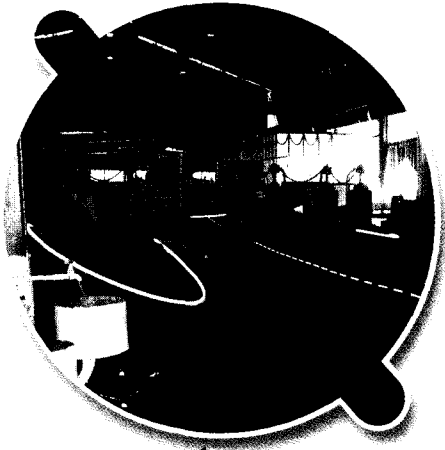
.....  
Full name of the Proxy  
(in Block Letter)

.....  
Signature



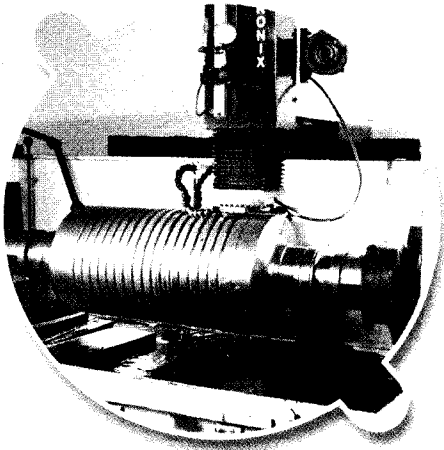
◀ Hon'ble Chief Minister of Bihar, Shri Nitish Kumar inaugurating the "Run for Development" sponsored by GISCO Ltd. on 19th February, 2006.

▶ GISCO Plant during production.



◀ GISCO Bar passing through Thermex Quenching and Self Tempering process.

▶ Precise & accurate ribbing being done by Latest Computerized CNC Machine.





307 Ashiana Towers, Exhibition Road, Patna 800 001. Ph : +91-612-2665456-58. Fax : +91-612-2685959.  
Email : [gangotri@giscotmt.com](mailto:gangotri@giscotmt.com) Web: [www.giscotmt.com](http://www.giscotmt.com)