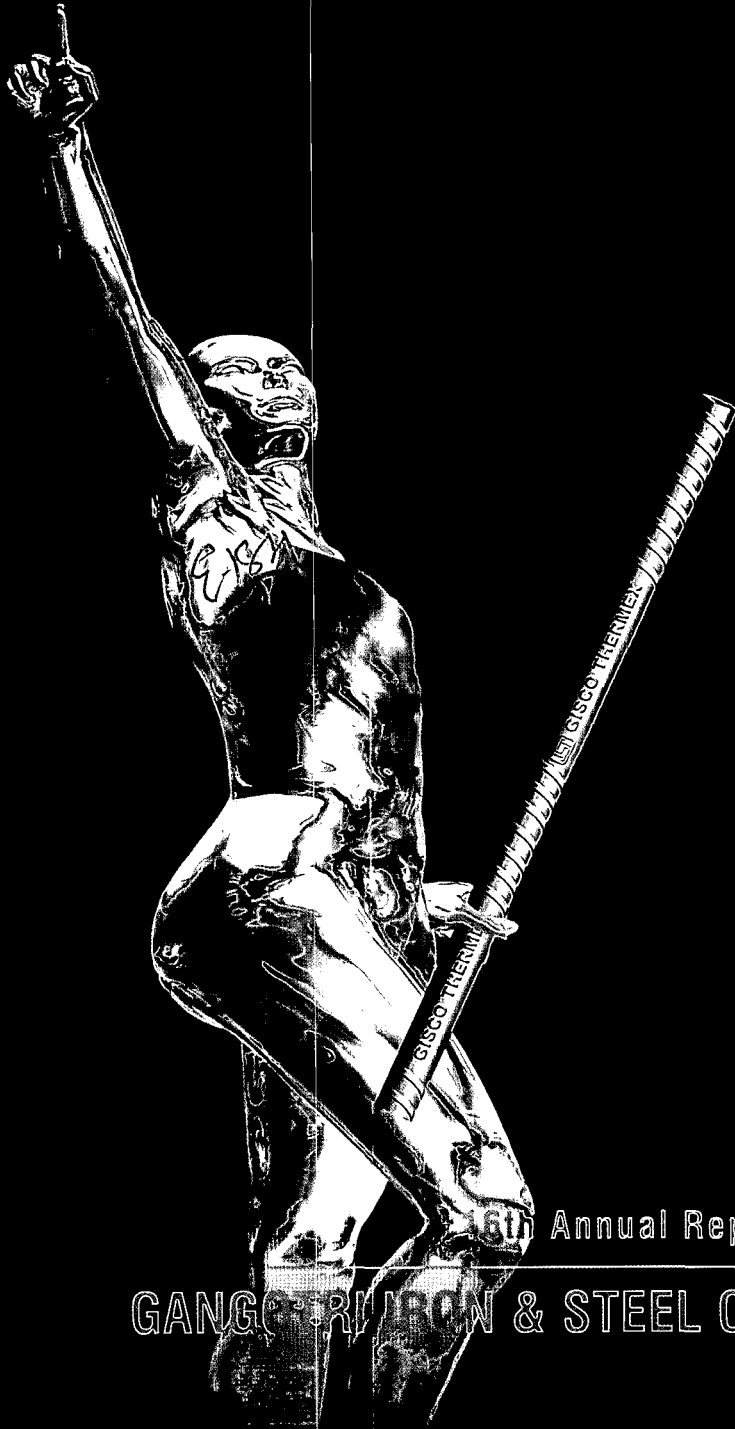




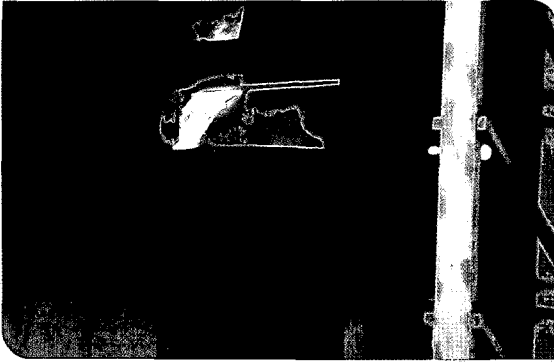
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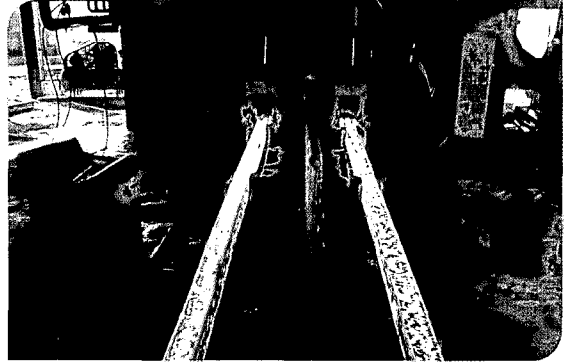
6th Annual Report 2009

GANGOOBRIDGE & STEEL CO. LTD.

## NEW UNIT AT BIHTA

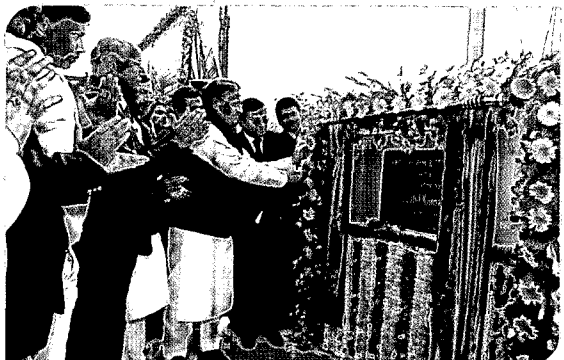
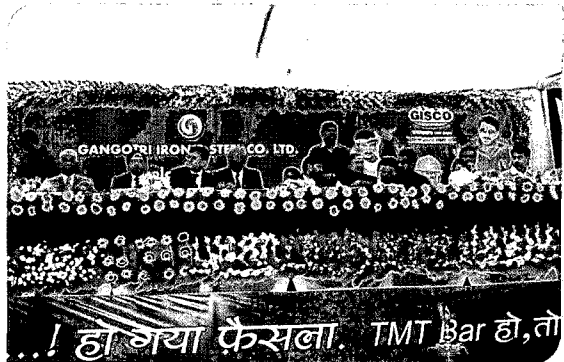


15 Tonne Capacity Ladle carrying molten material to CCP



Continuous Casting Plant at Bihta

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



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

### COMPANY INFORMATION

#### COMPANY SECRETARY

Ms. Priti Somani

#### AUDITORS

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

#### BANKERS

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

#### FACTORY

Phulwari Shariff, Nayatola  
Patna - 801 505

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

#### REGISTERED OFFICE

307, Ashiana Towers  
Exhibition Road  
Patna - 800 001

#### CORPORATE OFFICE

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

#### REGISTRAR & SHARE TRANSFER AGENT

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

#### WEBSITE

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

#### E-MAIL ID FOR INVESTORS

[gangotriironsteel@rediffmail.com](mailto:gangotriironsteel@rediffmail.com)

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## **NOTICE**

### **TO MEMBERS**

NOTICE is hereby given that the **16th Annual General Meeting** of the Members of **GANGOTRI IRON & STEEL COMPANY LIMITED** will be held on Wednesday, the **30th September, 2009 at 2.00 P.M., at 307, Ashiana Towers, Exhibition Road, Patna - 800 001**, the Registered Office of the Company to transact the following business :

#### **Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 Profit and Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To appoint Directors in place of Mr. Ramāutar Jhunjhunwala and Mr. Ashok Agarwal, who retires by rotation and, being eligible, offer themselves for re-appointment.
3. To appoint Auditors and fix their remuneration.

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

**Priti Somani**  
*Company Secretary*

Kolkata, 28th August, 2009

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#### **NOTES :**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxies, to be effective should be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting.
2. The Register of members and Share Transfer Register of the company will remain closed from 25th September, 2009 to 30th September, 2009 (both days inclusive).
3. Members are requested to notify the company immediately of any change in their address.
4. Members seeking any information with regard to Accounts are requested to write to the company at an early date so as to enable the management to keep the information ready.
5. The instrument of the share transfers, complete in all respects should reach the company prior to closure of the Register of Members as stated above.
6. Members /proxies are requested to bring with them the printed Annual Report being sent to them, along with the Notice, to avoid inconvenience.

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

**Priti Somani**  
*Company Secretary*

Kolkata, 28th August, 2009

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**NOTICE** (Contd.)

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

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

## DIRECTORS' REPORT

### *To The Members*

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

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

### 2. Operations

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

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

### 3. Future Prospects

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

### 4. Management Discussion and Analysis

#### Business Segment-wise Performance

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

#### Outlook

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

## DIRECTORS' REPORT (Contd.)

### Risks and Concerns

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

### Internal Control Systems and their Adequacy

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

### Human Resource Development / Industrial Relations

The Company has been taking various initiatives for HR development, a process that will continue in the coming years. Your Company organizes Architects and Masons meets on a regular basis in various areas where it markets its products. These meets are very well attended and have resulted in better demand for its products apart from popularizing its brand image.

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

### 5. Dividend

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

### 6. Finance

During the year, the Company availed credit facilities by way of overdrafts, cash credits, issuance of guarantees, including deferred payment guarantees and indemnities, negotiation and discounting of demand and/or usance bills and cheques, inland as well as foreign and such other facilities from State Bank of India, Commercial Branch, Patliputra, Patna and other private bodies for the existing and Bihta unit.

### 7. Rights Issue

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

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

### 8. Directors

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

### 9. Directors' Responsibility Statement

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

- a) in preparation of the Annual Accounts, for the year ended 31st March 2009, all the applicable accounting standards prescribed by the ICAI have been followed.
- b) the Directors have adopted such accounting policies and have applied them consistently and have made judgments and estimates in a reasonable and prudent manner so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year.

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

- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the Directors have prepared the annual accounts on a going concern basis.

### **10. Auditors**

M/s. ARSK & Associates, Chartered Accountants, Auditors of the Company are retiring at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate to the effect that their re-appointment if made will be within the prescribed limit u/s.224 (1-B) of the Companies Act, 1956.

### **11. Depository System**

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

### **12. Public Deposit**

The company has not invited /accepted any deposits from the public and as such there are no outstanding deposits, in terms of the Companies (Acceptance of Deposits) Rules, 1975.

### **13. Personnel**

There is no employee in respect of whom particulars pursuant to Section 217(2A) of the Companies Act, 1956 are required to be given.

### **14. Conservation of Energy**

The information relating to conservation of energy as required U/s. 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure-A to this Report. The Company has no figure to disclose in respect of technology absorption and /or foreign exchange earning and outgo.

### **15. Social Welfare Activities**

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

### **16. Corporate Governance**

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

### **17. Acknowledgement**

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

For and on behalf of the Board

**Sanjiv Kumar Choudhary**  
Managing Director

**Aditya Dalmiya**  
Director

Kolkata, 28th August, 2009



## ANNEXURE TO THE DIRECTORS' REPORT

## "Annexure - A" to the Directors' Report

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

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

**ANNEXURE TO THE DIRECTORS' REPORT (Contd.)****"Annexure - B" to the Directors' Report  
Report on Corporate Governance****1. COMPANY'S PHILOSOPHY**

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

**2. BOARD OF DIRECTORS**

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

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

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

**3. AUDIT COMMITTEE**

The Audit Committee consists of Directors (Mr. Ramautar Jhunjunwala, Mr. Debabrata Banerjee, Mr. Ashok Agarwal & Mr. Narendra Kumar Jaiswal) and the Company Secretary as the secretary of the audit committee. The Statutory Auditors, Internal auditors and Heads of Finance, Marketing, Production and Commercial functions are invitees to the meetings. During the financial year ended 31.03.2009 five meetings were held on 28.04.08, 25.07.08, 01.09.08, 30.10.08 & 30.01.09.

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

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

**4. REMUNERATION COMMITTEE**

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

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

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

**ANNEXURE TO THE DIRECTORS' REPORT (Contd.)****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 5 shareholders complaints were received and all of them were resolved to the satisfaction of the shareholders, hence there were no pending complaints at the year-end.

**6. GENERAL BODY MEETINGS**

AGM No.	Date	Time	Venue
13th AGM	08.09.2006	2.00 P.M.	Bihar Industries Assn., Industry House, Sinha Library Raod, Patna - 800 001
14th AGM	28.09.2007	2.00 P.M.	307, Ashiana Towers, Exhibition Road, Patna - 800 001
15th AGM	29.09.2008	2.00 P.M.	307, Ashiana Towers, Exhibition Road, Patna - 800 001

**Number of special resolutions passed in previous 3 AGMs :**

AGM No.	No. of Special Resolutions passed
13th AGM	NIL
14th AGM	NIL
15th AGM	NIL

No Resolutions were put through postal ballot during the year 2008-2009 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 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 Hindustan Times/Business Standard, Patna (English) and Hindustan/Dainik Jagran, Patna (Hindi). Annual results are 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 30, 2009 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/August 2009
Second Quarter Result	: Last week of October 2009
Third Quarter Result	: Last week of January 2010
Fourth Quarter & Annual Results	: End May/June 2010
Book Closure Date	: 25th September,09 to 30th September,09
Dividend Payment Date	: The Board of Directors has not recommended any dividend for the financial year 08-09.

**ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**

Listing on Stock Exchanges : Bombay Stock Exchange Ltd.  
25th Floor, P. J. Towers  
Dalal Street, Mumbai - 400 001  
The Magadh Stock Exchange Association (Derecognised by SEBI)  
Ashiana Plaza, Patna - 800 001

**Notes :** The Company has made an application for delisting of Equity Shares from The Magadh Stock Exchanges and follow up is being made with the said Stock Exchange. The Company has paid up to date Annual Listing Fees to Bombay Stock Exchange Ltd.

Stock Code : Bombay Stock Exchange Ltd. – 530945 & 890129  
(for partly paid up equity shares)  
ISIN Number for NSDL & CDSL : INE437F01015 & IN9437F01013 (for partly paid up equity shares)  
Dematerialisation of shares : 74,86,388 out of 76,92,100 equity shares have been dematerialised upto 31.03.2009 representing 97.33% demated shares.

Outstanding convertible instrument : The Company has not issued any convertible instruments during the year.  
The manufacturing facilities of the Company are located at Naya Tola, Khagaul Road, Phulwari Sharif, Patna - 801505 & Vill: Mahadevpur, Near Reliance Petrol Pump, Phulari, Bihta, Patna - 801103.

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, 08 to March, 09 is given below :

Month	High (Rs.)	Low (Rs.)	Volume	BSE Sensex	
				High	Low
APRIL'08	22.20	16.25	239244	17480.74	15297.96
MAY'08	22.30	17.10	156929	17735.70	16196.02
JUNE'08	20.00	13.85	159437	16632.72	13405.54
JULY'08	18.95	13.90	214687	15130.09	12514.02
AUG'08	18.00	15.10	145438	15579.78	14002.43
SEPT'08	19.80	12.00	179095	15107.01	12153.55
OCT'08	16.69	7.80	128518	13203.86	7697.39
NOV'08	11.69	6.10	162633	10945.41	8316.39
DEC'08	8.95	6.90	539371	10188.54	8467.43
JAN'09	9.40	6.00	164749	10469.72	8631.60
FEB'09	8.25	6.00	117760	9724.87	8619.22
MAR'09	11.80	6.25	138500	10127.09	8047.17

## Shareholding Pattern (As on 31.03.2009)

Category	No. of equity Shares	% of shareholding
Promoters	1142030	14.85
Private Corporate Bodies	2499118	32.49
Indian Public	4044585	52.58
NRI/OCB	6367	00.08
<b>Total</b>	<b>7692100</b>	<b>100.00</b>

**ANNEXURE TO THE DIRECTORS' REPORT** (Contd.)**Distribution of Shareholding (As on 31.03.2009)**

No. of equity Shares held		No. of Folios	% to total	No. of shares	% to total
UPTO	500	2050	73.01	433774	5.64
501 to	1000	366	13.03	323827	4.21
1001 to	2000	155	5.52	243665	3.17
2001 to	3000	53	1.89	139031	1.81
3001 to	4000	21	0.75	74984	0.97
4001 to	5000	31	1.10	150485	1.96
5001 to	10000	68	2.42	520935	6.77
10001 to	50000	30	1.07	564766	7.34
50001 to	100000	16	0.57	1209628	15.73
100001 and	above	18	0.64	4031005	52.40
<b>Grand Total</b>		<b>2808</b>	<b>100.00</b>	<b>7692100</b>	<b>100.00</b>

For and on behalf of the Board

**Sanjiv Kumar Choudhary**  
Managing Director

**Aditya Dalmiya**  
Director

Kolkata, 28th August, 2009

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**ANNEXURE TO THE DIRECTORS' REPORT** (Contd.)

**"Annexure - C" to the Directors' Report  
Auditors' Certificate on Corporate Governance**

**To the Members,  
Gangotri Iron & Steel Company Limited**

We have examined the compliance of conditions of Corporate Governance by Gangotri Iron and Steel Company Limited for the year ended on 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was 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.

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 ARSK & ASSOCIATES**  
*Chartered Accountants*

**CA. Ravindra Khandelwal**  
*Partner*  
Membership No. 054615

Place : Kolkata  
Date : 28th August, 2009

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**DECLARATION UNDER CLAUSE 49**

All the Board Members and Senior Management have affirmed compliance to the 'Code of Conduct' for the financial year 2008-09.

Place : Kolkata  
Date : 28th August, 2009

**Sanjiv Kumar Choudhary**  
*Managing Director & CEO*

## AUDITORS' REPORT

### The Members

#### Gangotri Iron & Steel Company Limited

1. We have audited the attached Balance Sheet of **GANGOTRI IRON AND STEEL COMPANY LIMITED** ("the Company"), as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement of the Company 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.
2. 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 from material misstatements. An audit includes examining, on a 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 by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the Act) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a Statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 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 our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account 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 the directors of the Company, as on 31st March, 2009 and taken on record by the Board of Directors of the Company, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
  - 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 gives 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, 2009;
    - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **ARSK & ASSOCIATES**  
*Chartered Accountants*

**CA. Ravindra Khandelwal**  
*Partner*  
Membership No. 054615

Place : Kolkata  
Date : 28th August, 2009

**AUDITORS' REPORT** (Contd.)

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph 3 of the Auditors' Report of even date to the members of GANGOTRI IRON AND STEEL COMPANY LIMITED on the financial statements for the year ended March 31, 2009.

1. a) The company is in the process of updating the fixed assets register.  
b) The fixed assets have been physically verified by the management during the year, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.  
c) Since there is no disposal of substantial part of fixed assets during the year, paragraph 4(i) (c) of the Companies (Auditor's Report) Order, 2003 is not applicable.
2. a) The management has conducted the physical verification of inventory at reasonable intervals during the year. As informed, no material discrepancies were noticed on such physical verification.  
b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.  
c) The Company has maintained proper record of its inventories and no discrepancies were noticed on physical verification.
3. a) According to the information and explanation given to us & in our opinion the company has not granted any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies' Act, 1956. Accordingly clauses 4(iii) (b) to 4(iii) (d) of the Companies (Auditor's Report) Order, 2003 are not applicable.  
b) According to the information and explanation given to us & in our opinion the company has taken loans, from companies or other parties covered in the register maintained under section 301 of the Companies' Act, 1956. The maximum amount outstanding during the year was Rs 7.68 crores and the year end balance of loans taken by the company was Rs 6.63 crores.  
c) In our opinion and according to the information given to us the company has not paid any interest on loans which have been taken from companies listed in the register maintained under section 301 of the Companies Act, 1956, hence accordingly clause 4(iii) (f) of the Companies (Auditor's Report) Order, 2003 is not applicable, however other terms and conditions on which loans have been taken are not, in our opinion, prima facie, prejudicial to the interest of the company.  
d) The company is regular in paying the principal amounts as stipulated.
4. In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register in pursuance Section 301 of Act, have been so entered in the register maintained as per requirement of that Section.  
b) In our opinion and according to the information and explanations given to us, each of these transactions have been made in pursuance of such contracts or arrangements at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under.
7. In our opinion, the company has an internal audit system during the year under review, which needs to be strengthened for being commensurate with the size and nature of its business.
8. The provisions of the Companies Act for maintenance of cost records under Section 209(1) (d) are not applicable to the company.



**AUDITORS' REPORT** (Contd.)

9. a) According to the information and explanations given to us and the books and records examined by us, the company is generally regular in depositing with the appropriate authorities the undisputed statutory dues relating to Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and statutory dues with the appropriate authorities though there has been delay in few cases.
- b) According to the information and explanations given to us and the books and records examined by us, there are no undisputed amount payable, in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess outstanding as at 31st March, 2009 for a period exceeding 6 months from the date they become payable except Excise Duty under section 3A, amounting to Rs 3,23,366/- provided in the books which is outstanding as on 31.03.2009 for a period of more than two years.
- c) As at 31st March 2009 according to the records of the Company, the following are the particulars of the disputed dues on account of Excise duty :

Nature of Statute	Nature of Dues	Amount (Rs.)	Period to which the amount related	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	14,43,471/-	1998-2001	High Court, Patna

10. The Company has no accumulated losses as at 31st March, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institution or bank. The company does not have any debentures outstanding as on 31st March 2009.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of special nature applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments. Accordingly provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. According to the information and explanation given to us, and an overall examination of the balance sheet of the company, in our opinion, funds raised on short term basis have not been used for long term investment.
17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investments.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any Debenture during the year.
20. The Company has not raised any money by way of public issue during the year.
21. According to the information and explanations given by the management to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **ARSK & ASSOCIATES**  
Chartered Accountants

**CA. Ravindra Khandelwal**  
Partner  
Membership No. 054615

Place : Kolkata  
Date : 28th August, 2009

**BALANCE SHEET** AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Fund</b>			
Capital	1	76,921,000	76,921,000
Reserves & Surplus	2	104,887,422	94,452,171
<b>Loan Funds</b>			
Secured Loans	3	578,109,989	308,327,389
Unsecured Loans	4	113,038,217	16,100,000
<b>Deferred Tax Liability - Net</b>	5	11,716,067	6,276,375
		<b>884,672,695</b>	<b>502,076,935</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	6	570,840,443	86,698,806
Less : Depreciation/amortization		30,369,334	22,088,175
Net Block		540,471,110	64,610,630
Capital Work in Progress (including capital advances)		-	233,550,747
Pre-operative expenses	6A	-	21,594,555
<b>Investments</b>	7	217,480	1,188,600
<b>Current Assets, Loans &amp; Advances</b>			
- Inventories	8	217,693,893	25,312,420
- Sundry Debtors	9	115,317,359	38,973,632
- Cash & Bank Balances	10	14,946,362	7,820,773
- Other current assets	11	1,371,784	827,008
Loans & Advances	12	102,499,851	158,503,214
		451,829,249	231,437,047
Less : Current Liabilities & Provisions			
Current Liabilities	13	107,001,281	46,930,523
Provisions	14	2,514,262	4,255,357
		109,515,543	51,185,880
Net current assets		342,313,707	180,251,167
<b>Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)			
Share issue expenses		1,670,399	881,236
		<b>884,672,695</b>	<b>502,076,935</b>
Significant Accounting Policies and Notes on Accounts	20		
Balance Sheet Abstract & Company Profile	21		

The Schedules referred to above form an integral part of Balance Sheet

As per our report of even date attached

For **ARSK & ASSOCIATES**

Chartered Accountants

**CA. Ravindra Khandelwal**

Partner

Membership No. 054615

Place : Kolkata

Dated : 28th August, 2009

For and on Behalf of the Board of Directors

**Sanjiv Kumar Choudhary**

Managing Director

**Priti Somani**  
Company Secretary

**Aditya Dalmiya**  
Director

**PROFIT AND LOSS ACCOUNT** FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
<b>INCOME</b>			
Sales and other Income	15	584,802,442	456,523,402
Less : Excise Duty		67,016,113	61,310,657
Less : Sales Tax		21,045,717	17,366,902
Sales and other Income (net)		<u>496,740,612</u>	<u>377,845,844</u>
<b>EXPENDITURE</b>			
Cost of goods sold	16	388,192,084	307,325,128
Personnel expenses	17	5,590,087	4,131,831
Manufacturing, administrative selling and distribution expenses	18	61,972,537	39,367,412
Interest and finance charges	19	13,958,259	6,418,879
Depreciation/amortization		8,063,048	5,452,011
Diminution in value of investments		971,120	-
		<u>478,747,135</u>	<u>362,695,260</u>
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>		17,993,477	15,150,584
Exceptional Items		<u>216,380</u>	<u>645,770</u>
<b>PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEMS</b>		18,209,857	14,504,814
Provision for tax :			
Income tax			
- Current tax		2,148,690	4,959,067
- Deferred tax		5,439,691	706,772
Fringe benefit tax		<u>186,224</u>	<u>213,006</u>
<b>PROFIT AFTER TAX</b>		10,435,251	8,625,968
Balance brought forward from previous year		<u>29,379,921</u>	<u>20,753,953</u>
Amount available for appropriation		<u>39,815,172</u>	<u>29,379,921</u>
<b>Balance carried to balance sheet</b>		<u>39,815,172</u>	<u>29,379,921</u>
Number of equity shares outstanding during the year of Rs. 10/- each		7,692,100	6,650,092
Basic and diluted earnings per share :		1.36	1.30
Significant Accounting Policies and Notes on Accounts	20		
Balance Sheet Abstract & Company Profile	21		

The Schedules referred to above form an integral part of Profit and Loss Account.

As per our report of even date attached

For **ARSK & ASSOCIATES**

Chartered Accountants

**CA. Ravindra Khandelwal**

Partner

Membership No. 054615

Place : Kolkata

Dated : 28th August, 2009

For and on Behalf of the Board of Directors

**Sanjiv Kumar Choudhary**

Managing Director

**Priti Somani**  
Company Secretary

**Aditya Dalmiya**  
Director

## Cash Flow Statement for the year ended 31st March, 2009

	For the year ended 31.03.2009	For the year ended 31.03.2008
<b>A. Cash flows from operating activities</b>		
Profit before taxation and after exceptional items	18,209,857	14,504,814
Adjustments for :		
Depreciation/amortization	8,063,048	5,452,011
Dividend income	(2,200)	(37,633)
Interest income	(509,912)	(457,492)
Interest paid	13,958,259	6,418,879
Provision for diminution in the value of investments	971,120	-
<b>Operating profit before working capital changes</b>	<b>40,690,173</b>	<b>25,880,579</b>
Adjustments for :		
(Increase) / decrease in trade receivables	(76,343,727)	5,594,283
(Increase) / decrease in inventories	(192,381,473)	1,514,554
(Increase) / decrease in loans and advances	55,458,587	(124,677,688)
Increase / (decrease) in trade and other payables	58,329,663	9,522,981
Cash generated from operations	(114,246,778)	(82,165,291)
Direct taxes paid	(2,334,914)	(5,172,073)
<b>Net cash from operating activities</b>	<b>(116,581,692)</b>	<b>(87,337,364)</b>
<b>B. Cash flows from investing activities</b>		
Purchase / sale of fixed assets	(228,778,225)	(240,967,666)
Purchase / sale of investments	-	3,646,562
Pre operative expenses	-	(17,733,137)
Fixed deposit matured	-	(2,488,624)
Interest received	509,912	457,492
Dividend received	2,200	37,633
<b>Net cash (used in) / from investing activities</b>	<b>(228,266,113)</b>	<b>(257,047,740)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of equity capital	-	24,350,000
Securities premium received	-	45,562,500
Forfeiture of convertible warrants	-	1,468,750
Share issue expenses	(789,163)	(881,236)
Proceeds from long term loan	75,552,798	243,840,472
Proceeds from bank borrowings	194,229,802	23,783,970
Interest paid	(13,958,259)	(6,418,879)
Increase/(decrease) in unsecured loans	96,938,217	9,500,000
<b>Net cash (used in) / from financing activities</b>	<b>351,973,395</b>	<b>341,205,577</b>
Net increase in cash and cash equivalents	7,125,589	(3,179,527)
Cash and cash equivalents at the beginning of the year	2,362,640	5,542,168
<b>Cash and cash equivalents at the end of the year</b>	<b>9,488,229</b>	<b>2,362,640</b>

**Notes :**

- Components of cash and cash equivalents include cash; bank balances in current and deposit accounts as disclosed under Schedule 10 of the accounts.
- The above cash flow statement has been prepared under the indirect method as set out in accounting standard 3 on "Cash Flow Statement".

As per our report of even date attached

For **ARSK & ASSOCIATES**

Chartered Accountants

**CA. Ravindra Khandelwal**

Partner

Membership No. 054615

Place : Kolkata

Dated : 28th August, 2009

For and on Behalf of the Board of Directors

**Sanjiv Kumar Choudhary**

Managing Director

**Priti Somani**  
Company Secretary**Aditya Dalmiya**

Director

## Schedules forming part of the Balance Sheet

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
Authorised		
200,00,000 equity shares of Rs.10/- each	<u>200,000,000</u>	<u>200,000,000</u>
<b>Issued, subscribed and paid-up :</b>		
76,92,100 equity shares of Rs.10/- each fully paid up	<u>76,921,000</u>	<u>76,921,000</u>
	<u>76,921,000</u>	<u>76,921,000</u>
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
Capital reserve		
Balance as per last balance sheet	19,509,750	18,041,000
Add: transferred during the year	-	1,468,750
	<u>19,509,750</u>	<u>19,509,750</u>
<b>Securities premium account</b>		
Balance as per last balance sheet	45,562,500	-
Add : received during the year	-	45,562,500
	<u>45,562,500</u>	<u>45,562,500</u>
<b>Profit and loss account</b>		
Surplus as per profit and loss account	<u>39,815,172</u>	<u>29,379,921</u>
	<u>104,887,422</u>	<u>94,452,171</u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
Term loans from the scheduled bank	331,794,187	256,241,389
Working capital facilities from the scheduled bank	245,668,899	52,020,616
Loans against vehicles from bank	646,903	65,384
	<u>578,109,989</u>	<u>308,327,389</u>
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
From bodies corporate	111,038,217	16,100,000
From a director	2,000,000	-
	<u>113,038,217</u>	<u>16,100,000</u>
<b>SCHEDULE 5</b>		
<b>DEFERRED TAX LIABILITY - NET</b>		
<b>Deferred tax assets</b>		
Provision for gratuity	33,677	113,088
Provision for bonus & leave encashment	86,247	100,418
Carried forward losses	18,282,153	-
Disallowance u/s 40(a)(ia)	34,330	-
	<u>18,436,407</u>	<u>213,506</u>
<b>Deferred tax liability</b>		
Depreciation	30,152,474	6,377,936
Bonus & leave encashment paid during the year	-	111,945
	<u>30,152,474</u>	<u>6,489,880</u>
<b>Net deferred tax liability</b>	<b>B-A</b> <u>11,716,067</u>	<u>6,276,375</u>

## Schedule forming part of the Balance Sheet

<b>SCHEDULE 6</b>										
<b>FIXED ASSETS</b>										
(Amount in Rs.)										
Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 31.03.2008	Addition	Deducti ons/adju stments	As at 31.03.2009	Upto 31.03.2008	For the Year	Deduc tions/adju stments	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
<b>Intangible assets</b>										
Computer software	-	39,000	-	39,000	-	4,003	-	4,003	34,997	-
<b>Tangible assets</b>										
Land-freehold	17,605,590	7,873,265	-	25,478,855	-	-	-	-	25,478,855	17,605,590
Land-leasehold	166,891	-	-	166,891	113,487	6,676	-	120,163	46,728	53,404
Buildings	9,342,340	97,138,064	-	106,480,404	2,607,556	558,903	-	3,166,459	103,313,945	6,734,785
Plant & machinery	53,896,915	377,444,731	-	431,341,646	17,253,030	7,195,400	-	24,448,430	406,893,216	36,643,886
Furniture & Fixtures	984,995	6,835	-	991,830	383,826	62,466	-	446,293	545,537	601,169
Office & Other equipments	1,810,828	481,629	-	2,292,457	582,886	94,620	-	677,506	1,614,952	1,227,942
Computer	650,739	351,779	-	1,002,518	194,024	132,847	-	326,871	675,647	456,715
Vehicles	2,240,507	806,335	-	3,046,842	953,367	226,243	-	1,179,610	1,867,232	1,287,140
<b>Total</b>	<b>86,698,806</b>	<b>484,141,638</b>	<b>-</b>	<b>570,840,443</b>	<b>22,088,175</b>	<b>8,281,158</b>	<b>-</b>	<b>30,369,334</b>	<b>540,471,110</b>	<b>64,610,631</b>
Capital work in progress									-	233,550,747
Previous year	76,819,989	9,878,816	-	86,698,805	16,495,145	5,593,030	-	22,088,175	64,610,630	60,324,844

## Schedules forming part of the Balance Sheet

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.	
<b>SCHEDULE 6A</b>			
<b>PREOPERATIVE EXPENDITURE PENDING ALLOCATION</b>			
<b>Opening balance</b>	A	21,594,555	3,720,399
<b>Additions during the year</b>			
Travelling and conveyance		391,769	443,794
Legal and registration charges		761,550	608,425
Salaries and allowances		982,898	907,349
Finance charges		41,715	1,743,899
Interest on fixed loans		27,616,456	10,633,589
Electricity charges		335,561	387,166
Fuel & lubricants		1,481,871	881,379
Insurance charges		232,400	32,638
Rent		102,000	179,000
Printing & stationery		20,995	55,107
Business promotion expenses		-	67,733
Repairs & maintenance		73,920	200,987
Stores & consumables		3,450,473	1,525,339
Telephone expenses		5,720	1,306
Depreciation		130,054	141,019
Miscellaneous expenditure		534,450	65,426
<b>Expenses in test run</b>			
Business promotion expenses		448,108	
Electricity charges		27,221,541	
Finance charges		3,160,862	
Fuel & lubricants		351,107	
Insurance charges		102,823	
Interest on term loan		4,761,089	
Labour charges		985,368	
Miscellaneous expenditure		235,688	
Printing & stationery		20,253	
Raw materials consumption		107,483,668	
Rent, rates & taxes		27,800	
Salary and allowances		1,548,808	
Stores & consumables		4,207,707	
Travelling and conveyance		132,729	
		<u>150,687,551</u>	
Less : adjustments			
Sales during test run		92,364,628	
Less : excise duty & sales tax		<u>9,064,077</u>	
		83,300,551	
Closing stock at the end of test run		<u>42,924,519</u>	126,225,070
	B	<u>60,624,313</u>	<u>17,874,156</u>
	A+B	82,218,868	21,594,555
<b>Less : capitalised during the year</b>		<u>82,218,868</u>	<u>-</u>
		<u>-</u>	<u>21,594,555</u>

## Schedules forming part of the Balance Sheet

	As at 31.03.2009		As at 31.03.2008	
	Rs.		Rs.	
<b>SCHEDULE 7</b>				
<b>INVESTMENTS</b>				
Long-term investments (quoted-non-trade-at cost)				
(i) <u>In equity shares</u>				
(Face Value Rs. 10 unless otherwise stated)				
Name of the company	Qty		Qty	
Filmcity Media Ltd.(F.V. Re 1/-)	50000	165,998	50000	165,998
Pentium Infotech Ltd.(F.V. Re 1/-)	75000	233,990	75000	233,990
Singer India Ltd.	1000	280,095	1000	280,095
LGS Global Ltd.	1000	58,841	1000	58,841
Crane Software Ltd.(F.V. Rs 2/-)	1000	132,309	1000	132,309
Sujana Metals Ltd.	5000	227,200	5000	227,200
SPEL Semiconductor Ltd.	3000	90,167	3000	90,167
		<u>1,188,600</u>		<u>1,188,600</u>
Less : Diminution in value of investments		<u>971,120</u>		<u>-</u>
		<u>217,480</u>		<u>1,188,600</u>
Aggregate market value of quoted investments		217,480		657,050
<b>SCHEDULE 8</b>				
<b>INVENTORIES</b>				
(As valued and certified by the management)				
Stores, spares and packing materials		17,814,651		1,034,257
<b>Stock-in-trade</b>				
Raw materials and components		77,404,855		2,072,174
Finished goods		111,281,077		22,205,989
Stock-in-transit		<u>11,193,309</u>		<u>-</u>
		<u>217,693,893</u>		<u>25,312,420</u>
<b>SCHEDULE 9</b>				
<b>SUNDRY DEBTORS</b>				
(Unsecured, considered good)				
Debts outstanding for a period exceeding six months		7,868,337		4,910,349
Other debts		<u>107,449,022</u>		<u>34,063,283</u>
		<u>115,317,359</u>		<u>38,973,632</u>
<b>SCHEDULE 10</b>				
<b>CASH AND BANK BALANCES</b>				
Cash-on-hand (as certified by the management)		5,201,938		2,145,930
Cheques on hand including remittances in transit		2,971,341		-
Bank balances with scheduled banks				
- On current accounts		1,314,950		216,710
- On deposit accounts		<u>5,458,133</u>		<u>5,458,133</u>
		<u>14,946,362</u>		<u>7,820,773</u>
<b>SCHEDULE 11</b>				
<b>OTHER CURRENT ASSETS</b>				
Interest accrued on bank deposits		763,093		353,824
Claims and other receivables		<u>608,691</u>		<u>473,184</u>
		<u>1,371,784</u>		<u>827,008</u>



## Schedules forming part of the Balance Sheet

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SCHEDULE 12</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good except otherwise stated)		
Loans and advances recoverable in cash or in kind or for value to be received	43,408,602	130,698,894
Loans		
- To others	2,464,914	2,464,914
Other deposits	5,001,102	407,600
Balances with government authorities	51,625,234	24,931,807
	<u>102,449,851</u>	<u>158,503,214</u>
<b>SCHEDULE 13</b>		
<b>CURRENT LIABILITIES</b>		
Sundry creditors	53,872,716	31,676,801
Advances from customers	18,683,951	12,306,850
Other liabilities	34,444,614	2,946,872
	<u>107,001,281</u>	<u>46,930,523</u>
<b>SCHEDULE 14</b>		
<b>PROVISIONS</b>		
For employee benefits	536,294	457,568
For income tax (net of advance tax)	1,895,541	3,792,497
For fringe benefit tax (net of advance tax)	82,427	5,292
	<u>2,514,262</u>	<u>4,255,357</u>
<b>Schedules forming part of Profit and Loss Account</b>		
	<b>For the year ended March 31</b>	
	<b>2009</b>	<b>2008</b>
<b>SCHEDULE 15</b>		
<b>SALES AND OTHER INCOME</b>		
Sale of finished goods (net of returns)	552,228,892	449,098,953
Scrap sales	13,571,766	7,500,704
Interest Income on :		
a) Fixed deposits with banks	509,912	457,492
b) Security deposit	100,828	257,343
[Tax deducted at source Rs.110,726/- (Rs 1,29,403/-)]		
Profit on sale of long term investments - non trade	-	283,839
Insurance and other claims received	327,438	-
Liabilities no longer required written back	432	-
Profit from commodity & derivative trading	15,240,271	(1,113,894)
Government subsidy	2,820,035	-
Dividends received	2,200	37,633
Miscellaneous income	668	1,332
	<u>584,802,442</u>	<u>456,523,402</u>
<b>SCHEDULE 16</b>		
<b>COST OF GOODS SOLD</b>		
Opening Stock :		
Semi - finished goods	443,672	611,342
Finished / trading goods	<u>22,205,989</u>	<u>20,564,882</u>
Add : Consumption of raw and packing materials	481,967,131	308,798,565
Less : Closing Stock :		
Semi - finished goods	5,143,631	443,672
Finished / trading goods	<u>111,281,077</u>	<u>22,205,989</u>
	<u>388,192,084</u>	<u>307,325,128</u>

**Schedules forming part of the Profit & Loss Account**

	For the year ended March 31, 2009	For the year ended March 31, 2008
<b>SCHEDULE 17</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries, wages, bonus and gratuity	4,802,365	3,737,766
Contribution to provident and other funds	436,110	361,921
Workmen and staff welfare expenses	351,612	32,144
	<u>5,590,087</u>	<u>4,131,831</u>
<b>SCHEDULE 18</b>		
<b>MANUFACTURING, ADMINISTRATIVE SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement	3,770,453	4,187,984
Auditor's remuneration	120,500	111,000
Bad Debts and advances written off	-	1,417,410
Bank charges	350,963	671,526
Commission on sales	-	3,364,831
Consumption of stores and spares	6,177,318	3,909,296
Directors' remuneration	1,030,508	870,000
Directors' sitting fees	45,000	37,000
Filling fee	2,000	8,246
Insurance	202,710	151,441
Legal and professional charges	465,516	245,129
Postage, telegram and telephone	687,843	876,951
Power and fuel	45,490,701	19,354,565
Printing and stationery	178,080	138,933
Rates and taxes	82,391	251,948
Rent and hire charges	1,061,612	991,760
Repairs and maintenance :		
- Plant and machinery	281,864	436,488
- Others	652,350	397,485
Sales promotion expenses	179,178	762,587
Travelling and conveyance	335,792	285,585
Miscellaneous expenses	857,756	897,246
	<u>61,972,537</u>	<u>39,367,412</u>
<b>SCHEDULE 19</b>		
<b>FINANCIAL EXPENSES</b>		
Interest on		
Term loans to banks	31,901,980	12,205,363
Working capital limits to bank	9,662,249	4,832,836
Finance charges to bank	10,486	14,268
Less :		
Interest capitalised	<u>27,616,456</u>	<u>10,633,589</u>
	<u>13,958,259</u>	<u>6,418,879</u>

## Schedules forming part of the Accounts

### SCHEDULE - 20

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

##### A Significant Accounting Policies

###### a. Basis of preparation of accounts

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies applied by the Company are consistent with those used in the previous year.

###### b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

###### c. Fixed assets

###### i) Tangible assets

Fixed assets are stated at cost of acquisition inclusive of duties (net of CENVAT and other credits, wherever applicable), taxes, incidental expenses, erection / commissioning expenses and borrowing costs etc. up to the date the assets are ready for their intended use.

Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual life of the respective assets.

Expenditure directly relating to construction activity are capitalised. Indirect expenditure incurred during construction period are capitalised as part of the indirect construction cost to the extent to which the expenditure are indirectly related to construction or are incidental thereto. Expenditure incurred on new projects under implementation are carried forward as pre-operative expenditure to be allocated appropriately to Fixed Assets on completion of the projects.

Fixed assets retired from active use are valued at net realisable value.

###### ii) Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Computer software is amortised on a straight line basis over a period of five years.

###### d. Depreciation

Depreciation on Fixed Assets is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 or at rates determined based on the useful life of the assets, whichever is higher.

###### e. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, but provision for diminution in value is made to recognise a decline other than temporary in the value of such investments.

###### f. 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
v) Scrap	At estimated realisable value

The value of the opening stock and closing stock of finished goods includes excise duty as per Guidance Note "Accounting Treatment of Excise Duty" issued by the Institute of Chartered Accountants of India.

###### g. Revenue recognition

Revenue (income) is recognised when no significant uncertainty as to determination/realisation exists.

###### i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

## **Schedules forming part of the Accounts**

- ii) Insurance and other claims / refunds**  
Revenue, due to uncertainty in realisation, are accounted for on acceptance / actual receipt basis.
- iii) Interest**  
Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv) Dividends**  
Dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date.
- h. Retirement and other employee benefits**  
Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are accrued. There are no obligations other than the contribution payable to the respective trusts.  
Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation made at the end of each financial year.  
Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation.  
Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.
- i. Borrowing costs**  
Borrowing costs relating to the acquisition / construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.
- j. Taxation**  
Tax expense comprises of current, deferred and fringe benefits tax.  
Current income-tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.  
Deferred tax is recognized on a prudent basis for timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax asset is recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such asset can be realised against future taxable income. Unrecognised deferred tax asset of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.  
MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.
- k. Earning per share**  
Earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.  
For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of share outstanding during the period are adjusted for the effects of all diluted potential equity shares.
- l. Cash and cash equivalents**  
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.
- m. Contingent liabilities**  
Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of notes to the accounts.
- n. Provisions**  
A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance date and adjusted to reflect the current best estimates.
- o. Share issue expenses**  
Share issue expenses are written off in five equal installments starting from the year of issue of shares

## Schedules forming part of the Accounts

### B. NOTES TO ACCOUNTS

	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.
1. Contingent liabilities not provided for in respect of :		
a) The company has contested and lodged claims against Bihar State Electricity Board (BSEB) excess bills and charges. No provision has been made in the accounts.	7,919,656	1,161,905
b) Disputed Excise Duty matters u/s 3A of Central Excise Act, 1944 pending with High Court, Patna related to year 1998-99, 1999-2000 wherein provision has not been made by the Company.	1,443,471	1,443,471
However, there is an apparent discrepancy as per the Commissioner's Order according to which the liability works out Rs 37,40,926/- which the company is in the process of getting rectified.		
c) No provision has been made in the accounts towards CENVAT credit wrongly availed during the year 2004-2005 by the Company as per the Excise department on the strength of fake / fraudulent invoices by different parties.	298,412	298,412
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,323,103	60,743,989
3. As per information available with the Company there are no amounts payable or paid during the period which are required to be disclosed as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.		
4. Secured loans		
a. Term loan & cash credit limit is secured by hypothecation of inventory, stock in trade/transit, book debts, fixed deposits of Rs 62.21 lakhs and mortgage of land & building and entire fixed assets at the factory premises of the company along with the personal guarantee of four directors of the company and three other persons including relatives of directors.		
b. Term loans (vehicle loans) from banks are secured by hypothecation of respective vehicles.		
5. Directors' remuneration		(Amount in Rs.)
		For the year ended
	2009	2008
a. Managerial remuneration under section 198 of the Companies Act, 1956 : (Paid to Managing Director and Whole Time Director)		
i. Salaries, allowances, exgratia, etc.	960,000	870,000
ii. Perquisites	70,508	-
TOTAL	1,030,508	870,000
<b>Notes :</b>		
The above remuneration excludes :		
i. monetary value of non cash perquisites as per Income-tax Act, 1956		

**Schedules forming part of the Accounts**

b. Computation of Net Profit in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956	Rs.	Rs.
i. Profit before Taxation	18,209,857	14,504,814
ii. Addition as per Section 349		
Depreciation as per accounts	8,063,048	5,452,011
Managerial remuneration	1,030,508	870,000
iii. Deduction as per Section 349		
Depreciation as per Sec. 350 of the Companies Act, 1956	8,063,048	5,452,011
iv. Net Profit as computed U/s 349 of the Companies Act, 1956	19,240,365	15,374,814
v. Maximum remuneration payable to a whole time director @ 11% of net profit as computed above	2,116,440	1,691,230
vi. Managerial remuneration restricted to	1,030,508	870,000
<b>6. Payment to auditors</b>		
a. As auditors		
- statutory audit	60,000	60,000
- tax audit	10,000	10,000
- half yearly review	7,500	2,500
b. As advisor in respect of income tax matters	25,000	-
c. In other manner		
- certifications	18,000	38,500
Total	120,500	111,000

Service tax, being claimed for set-off as input credit, has not been included in the above expenditure.

**7. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956**

a. Licensed capacity, Installed capacity and actual production

Particulars of goods	Unit	For the year ended March 31			
		2009		2008	
		Installed capacity	Actual production	Installed capacity	Actual production
i. M.S.Bars	MT	145,000	19,665	45,000	17,375
ii. M.S.Billet	MT	108,900	8,887	N.A.	N.A.
iii. Oxygen Gas	M3	540,000	-	N.A.	N.A.

**Notes :**

- i. Licensed capacity is not applicable in terms of the Government of India Notification No. 477(E) dated 25th July, 1991.
- ii. Installed capacity, being technical matter, is as certified by the management.

b. Sales (Net)

Particulars of goods	Unit	For the year ended March 31			
		2009		2008	
		Quantity	Value (Rs)	Quantity	Value (Rs)
i. M.S. Bars	MT	18,593	546,633,305	17,385	449,098,953
ii MS Billet	MT	4,225	97,960,215	574	7,136,922
iii Waste & Scrap	MT	890	13,571,766	27	363,782

## Schedules forming part of the Accounts

## Notes :

- Quantity includes free quantity issued under various sales schemes to customers.
- Value is net of discount ,claims and rebates but includes excise duty and sales tax.
- It also includes the sales during test run details of which are given below.

Sales (during test run)

Particulars of goods	Unit	For the year ended March 31			
		2009		2008	
		Quantity	Value (Rs)	Quantity	Value (Rs)
i. M.S. Bars	MT	630	17,693,458	N.A.	N.A.
ii. MS Billet	MT	3,264	74,671,170	N.A.	N.A.

## c. Consumption of raw and packing materials

Particulars of goods	Unit	For the year ended March 31			
		2009		2008	
		Quantity	Value (Rs)	Quantity	Value (Rs)
i. Non alloy ingot	MT	19,145	383,833,700	18,480	308,196,894
ii. MS Billet*	MT	2,221	N.A.	N.A.	N.A.
iii. Ferro Alloys	MT	132	5,595,148	N.A.	N.A.
iv. Pig Iron	MT	1,960	35,201,689	N.A.	N.A.
v. Sponge Iron	MT	8,519	121,435,691	N.A.	N.A.
vi. Packing Material	Rs		619,223		601,671

## Notes :

- It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.
  - \* Value of consumption of MS Billet has not been provided as this is out of captive production.
  - It also includes the raw material consumption during test run details of which are given below.
- Consumption of raw and packing materials (during test run)

Particulars of goods	Unit	For the year ended March 31			
		2009		2008	
		Quantity	Value (Rs)	Quantity	Value (Rs)
i. MS Billet	MT	724	17,282,392	N.A.	N.A.
ii. Ferro Alloys	MT	88	3,717,714	N.A.	N.A.
iii. Pig Iron	MT	1,671	35,392,085	N.A.	N.A.
iv. Sponge Iron	MT	5,014	68,373,870	N.A.	N.A.

## d. Imported and indigenous raw materials, components and spare parts consumed

Particulars of goods	For the year ended March 31			
	2009		2008	
	%	Value (Rs)	%	Value (Rs)
i. Raw materials - Indigenous	100%	546,066,228	100%	308,196,894
ii. Stores & spares - Indigenous	100%	10,385,025	100%	3,909,296

**Schedules forming part of the Accounts**

e. Details of stock of finished goods

Particulars of goods	Unit	For the year ended March 31			
		2009		2008	
		Quantity	Value (Rs)	Quantity	Value (Rs)
i. M.S.Bars	MT	2,084	53,931,806	102	22,205,989
ii. M.S.Billets	MT	2,442	57,349,271	N.A.	N.A.
iii. Waste & Scrap	MT	322	5,143,631	31	443,672

Notes :

Quantity is net of damages.

8. Investments purchased and sold during the year

Particulars of goods

For the year ended March 31

	For the year ended March 31			
	2009		2008	
	Nos	Value(Rs)	Nos	Value (Rs)
a) Shares & Securities purchased				
Prism Cement Ltd	-	-	5000	148,384
Hindustan Oil	-	-	7000	582,460
SPEL Semiconductor Ltd	-	-	15000	456,606
Gujarat Industrial Power Company Ltd	-	-	3000	186,260
Petronet LNG Ltd	-	-	5000	231,700
Navneet Publications Ltd	-	-	2000	118,240
Kalyani Steels Ltd	-	-	1000	408,424
NELCO Ltd	-	-	1000	105,296
Zuari Industries Ltd	-	-	2000	369,240
Global Broadcast Ltd	-	-	343	259,532
Zenotech Ltd	-	-	2000	256,518
Reliance Natural Resources Ltd	-	-	5000	172,600
Cranes Software Ltd	-	-	1000	132,309
Vadilal Ltd	-	-	1000	49,600
Maharashtra Seamless Ltd	-	-	500	302,080
Hitachi Ltd	-	-	2000	209,420
Cairn India Ltd	-	-	1000	159,550
Steel Authority of India Ltd	-	-	5000	804,100
India Cements Ltd	-	-	3000	614,428
Control LP Ltd	-	-	5000	343,183
IDEA Cellular Ltd	-	-	2000	227,460
Jai Prakash Hydro Ltd	-	-	2000	88,180
National Thermal Power Corporation Ltd	-	-	2000	325,140
Omaxe Ltd	-	-	1000	314,130
Reliance Communications Ltd	-	-	500	245,990
Tata Iron & Steel Co Ltd	-	-	1000	567,030
Shree Digvijay Cements Ltd	-	-	5000	143,970
Himachal Futuristics Ltd	-	-	2500	91,175
Renuka Sugars Ltd	-	-	1200	1,052,722
Tata Tele Services (Maharashtra) Ltd	-	-	5000	311,584
Sujana Metals Ltd	-	-	10000	431,100
Reliance Power Ltd	-	-	250	108,967
Ispat Industries Ltd	-	-	5000	204,400
Total				<u>10,021,778</u>



## Schedules forming part of the Accounts

Particulars of goods	For the year ended March 31			
	2009		2008	
	Nos	Value(Rs)	Nos	Value (Rs)
b) Shares & Securities Sold				
Prism Cement Ltd	-	-	5000	172,920
Hindustan Oil	-	-	7000	637,180
SPEL Semiconductor Ltd	-	-	12000	483,300
Gujarat Industrial Power Company Ltd	-	-	3000	194,292
Petronet LNG Ltd	-	-	5000	260,580
Navneet Publications Ltd	-	-	2000	169,772
Kalyani Steels Ltd	-	-	1000	422,757
NELCO Ltd	-	-	1000	105,010
Zuari Industries Ltd	-	-	2000	379,242
Global Broadcast Ltd	-	-	343	280,644
Zenotech Ltd	-	-	2000	301,566
Reliance Natural Resources Ltd	-	-	15000	526,750
Vadilal Ltd	-	-	1000	77,043
Maharashtra Seamless Ltd	-	-	500	323,410
Hitachi Ltd	-	-	2000	279,572
Cairn India Ltd	-	-	1000	154,692
Steel Authority of India Ltd	-	-	6000	118,360
India Cements Ltd	-	-	3500	756,539
Control LP Ltd	-	-	5000	350,967
IDEA Cellular Ltd	-	-	2000	224,360
Jai Prakash Hydro Ltd	-	-	2000	90,020
National Thermal Power Corporation Ltd	-	-	2000	325,340
Omaxe Ltd	-	-	1000	314,270
Reliance Communications Ltd	-	-	1000	510,781
Tata Iron & Steel Co Ltd	-	-	1000	567,210
Shree Digvijay Cements Ltd	-	-	5000	158,450
Himachal Futuristics Ltd	-	-	2500	142,850
Renuka Sugars Ltd	-	-	1200	1,145,508
Tata Tele Services (Maharashtra) Ltd	-	-	5000	310,900
Sujana Metals Ltd	-	-	5000	252,337
Reliance Power Ltd	-	-	5250	581,296
Ispat Industries Ltd	-	-	5000	222,997
Souther Ispat Ltd	-	-	20000	747,600
NOCIL Ltd	-	-	10000	351,900
Reliance Petroleum Ltd	-	-	7000	565,487
Uttam Sugar Ltd	-	-	3500	326,941
Varun Shipping Ltd	-	-	1000	67,220
Hindalco Industries Ltd	-	-	1000	179,640
Ashok Leyland Ltd	-	-	2500	99,675
Total				13,179,376
<b>9. Earning per share (EPS)</b>				
			For the year ended March 31	
			2009 (Rs.)	2008 (Rs.)
a. Profit after tax			10,435,251	8,625,968
b. Weighted average number of equity shares outstanding during the year (Nos.)			7,692,100	6,650,092
c. Nominal value of equity per share			10	10
d. Basic/diluted earning per share (EPS)			1.36	1.30

## Schedules forming part of the Accounts

### 10. Disclosures of related party transactions :

- a. List of related parties with whom the Company has transacted during the year
  - i. Associate /Joint Venture Concerns NIL
  - ii. Key Management Personnel
    - a. Mr. Sanjiv Kumar Choudhary Managing Director
  - iii. Relatives of Key Management Personnel
    - a. Smt Manju Choudhary (wife of Mr. Sanjiv Kumar Choudhary)
  - iv. Enterprise owned or significantly influenced by Key Management Personnel and their relatives
    - a. VIP Finstock Pvt Ltd
    - b. Gangotri Electrocastings Ltd
    - c. Ganga Carriers Pvt Ltd

- b. Transactions with related Parties during the year and year end outstanding balances thereof, are as follows :

Name of Transactions	Associate / Joint Venture Concerns	Key Management Personnel	Relatives of Key Management Personnel	Enterprise Owned or significantly influenced by Key Management Personnel and their relatives	Total
i. Loans received	-	2000000 (NIL)	-	64,350,000 (11,100,000)	66,350,000 (11,100,000)
ii. Managerial remuneration paid	-	1,030,508 (870,000)	-	-	1,030,508 (870,000)
iii. Car hire charges	-	-	252,000 (252,000)	-	252,000 (252,000)
iv. Sales	-	-	-	22,373,582 (7,297,885)	22,373,582 (7,297,885)
v. Purchase of raw materials	-	-	-	452,274,818 (368,950,719)	452,274,818 (368,950,719)

Note :

The above transactions do not include reimbursement of expenses made / received during the year.

Previous year figures are in the brackets

11. 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 segment.
12. Share issue expenses of Rs 16,70,399/- (Previous Year 8,81,236/-) pertains to impending rights issue of equity shares.
13. The company has faced search and seizure operation by the Income Tax Department during the year under review. However the assessments are yet to be completed.
14. **Gratuity and post-employment benefits plans**

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than 'The provisions of Gratuity Act, 1972. The above said scheme is unfunded.

## Schedules forming part of the Accounts

The following table summarises the components of net benefits / expense recognised in the profit and loss account and the balance sheet for the respective plans.

- a. Expenses recognised in the statement of profit and loss account for the year ended 31st March 2009.

(Rs. '000)

	For the year ended March 31	
	2009	2008
Current service cost	74.81	56.50
Interest cost on benefit obligation	27.61	21.86
Net actuarial( gain) / loss recognised during the period	(3.34)	(10.61)
Total expenses	99.08	67.75

- b. Net assets / (liability) recognised in the balance sheet as at 31st March 2009

(Rs. '000)

	For the year ended March 31	
	2009	2008
Present value of defined benefits obligation	431.79	332.71
Fair value of plan assets	-	-
Net liability	431.79	332.71

- c. Change in obligations during the year ended 31st March 2009

(Rs. '000)

	For the year ended March 31	
	2009	2008
Present value of defined obligation at the beginning of the period	332.71	264.96
Current service cost	74.81	56.50
Interest cost	27.61	21.86
Actuarial (gains)/losses	(3.34)	(10.61)
Present value of defined benefits obligation at the end of the period	431.79	332.71

- d. The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Company's plans are shown below

	For the year ended March 31	
	2009	2008
Discount rate	8.00%	8.30%
Rate of increase in salaries	5.00%	5.00%
Expected Average remaining working lives of employees (years)	19.64	21.19

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

15. Previous year's figures have been regrouped/rearranged, wherever necessary.

As per our report of even date attached

For **ARSK & ASSOCIATES**

Chartered Accountants

**CA. Ravindra Khandelwal**

Partner

Membership No. 054615

Place : Kolkata

Dated : 28th August, 2009

For and on Behalf of the Board of Directors

**Sanjiv Kumar Choudhary**

Managing Director

**Priti Somani**  
Company Secretary

**Aditya Dalmiya**  
Director

## Schedules to the Financial Statement

Additional information under part IV of the schedule VI to the Companies Act, 1956

### SCHEDULE 21

#### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. : L27101BR1992PLC005129

Balance Sheet Date : 31.03.2009 State Code : 03

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

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

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

Total Liabilities : 884,673 Total Assets : 884,673

SOURCES OF FUND

Share Capital : 76,921 Reserves & Surplus : 104,887  
Secured Loans : 578,110 Unsecured Loans : 113,038  
Deferred Tax Liability : 11,716

APPLICATION OF FUND

Net Fixed Assets : 540,471 Investments : 217  
Net Current Assets : 342,314 Misc. Expenditure : 1,670  
Accumulated Losses : NIL

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

Turnover Including other income : 496,741 Total Expenditure : 478,747  
Profit Before Tax : 17,993 Profit after tax : 10,435  
Earning per share (in Rs.) : 1.36 Dividend rate % : NIL

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

As per our report of even date attached

For **ARSK & ASSOCIATES**

Chartered Accountants

**CA. Ravindra Khandelwal**

Partner

Membership No. 054615

Place : Kolkata

Dated : 28th August, 2009

For and on Behalf of the Board of Directors

**Sanjiv Kumar Choudhary**  
Managing Director

**Priti Somani**  
Company Secretary

**Aditya Dalmiya**  
Director

**GANGOTRI IRON & STEEL COMPANY LIMITED**

Registered Office :  
307, Ashiana Towers, Exhibition Road, Patna - 800 001

**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 16th  
ANNUAL GENERAL MEETING of the Company to be held at the Registered Office of the Company at 307, Ashiana Towers,  
Exhibition Road, Patna 800 001, Bihar on Wednesday the 30th September, 2009 at 2.00 P.M. and at any adjournment thereof.

Signed this.....day of .....2009.

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**

Registered 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 16TH ANNUAL GENERAL MEETING of the Company at the Registered Office of the  
Company at 307, Ashiana Towers, Exhibition Road, Patna 800 001, Bihar on Wednesday the 30th September, 2009 at  
2.00 P.M. and at any adjournment thereof.

Full name of the shareholder  
(in Block Letters)

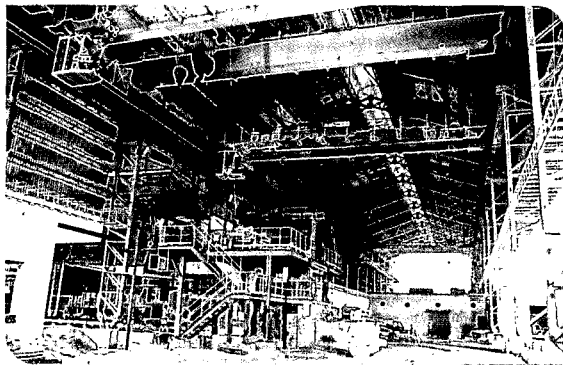
Signature

Folio No./Client ID.....

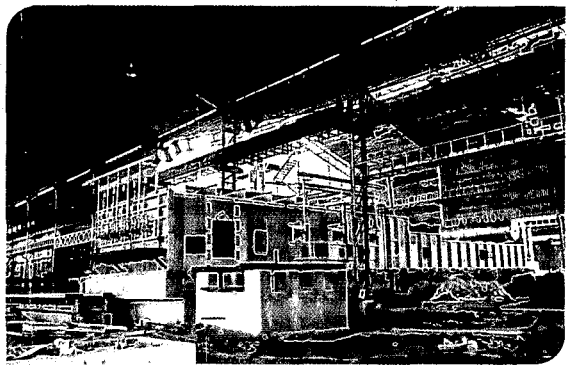
Full name of the Proxy  
(in Block Letter)

Signature

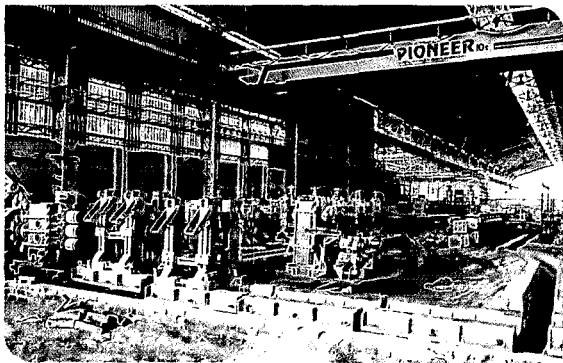
# NEW UNIT AT BIHTA



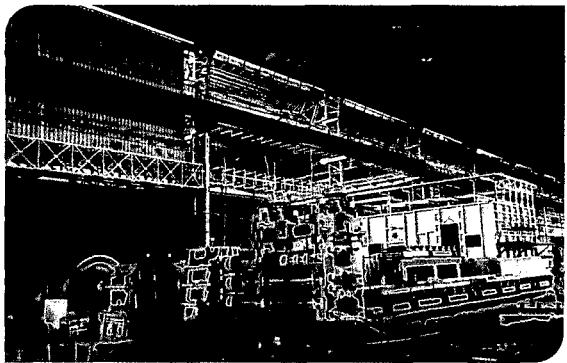
**STEEL MELTING SHOP SHED**



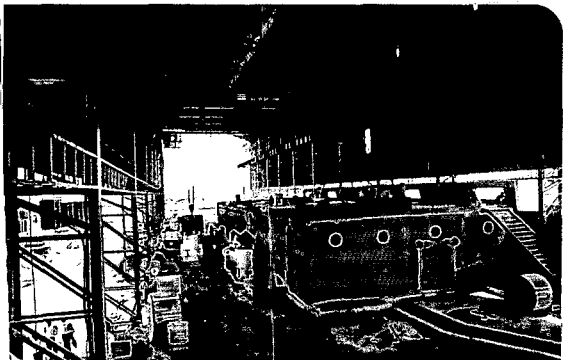
**RE-HEATING FURNACE**



**ROLLING MILL AREA**



**ROUGHING MILL AREA**



**FURNACE PLATFORM**



**CCM AREA**

BOOK-POST

*If undelivered, please return to :*



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

307 Ashiana Towers, Exhibition Road, Patna - 800 001

Phone : +91 612 2322 456, 2323 457/58, 6510 777/888, Fax : +91 612 2323 959

E-mail : [gangotri@giscotmt.com](mailto:gangotri@giscotmt.com) Website : [www.giscotmt.com](http://www.giscotmt.com)