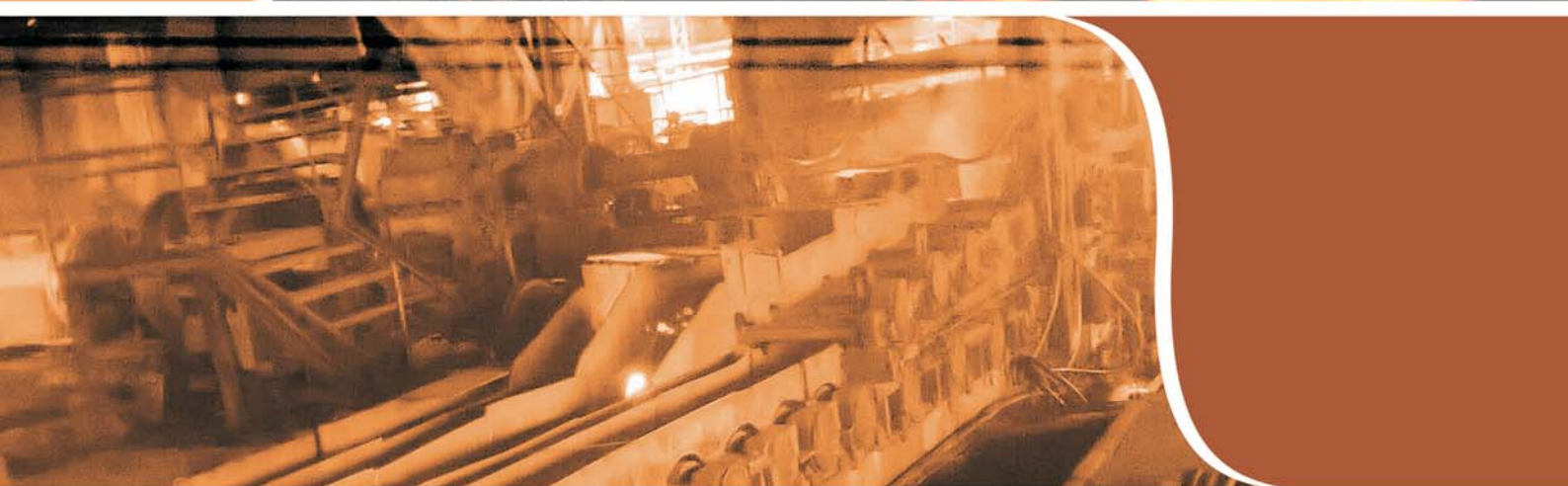


**GALANTT**

**ISPAT LIMITED**

Building Tomorrow ...



**ANNUAL REPORT 2012-2013**



## Chairman's Perspective

### Letter to Shareowners

Dear Shareowners,

We are pleased to share with you the Annual Report for the Financial Year 2012-13. The business sentiments, confronted with the challenges of market conditions and slowdown in global demand, remained extremely challenging and the recessionary economic conditions led initial slowdown in sales growth. Thanks to the sustained efforts of the marketing team, improved marketing performance resulted into remarkable sales and growth.

### BUSINESS & ECONOMY :

Steel Industry contributes a major share in the economic growth globally. Steel's wide and varied usage makes it the backbone of an economy & is often referred to as a symbol of economic growth. According to World Steel Association (WSA), with an output of 1,548 million tons, global steel market was marginally up showing a growth rate of only 1.2% in 2012. The slowdown in growth rate factored in as 27 crude steel producing nations of Europe and South America cut production levels compared to last year. However, this slowdown facilitated steelmakers in Asia and North America to fill the gap & attain a notable growth rate. International Steel Statistics Bureau (ISSB) data interprets that Asian Countries like China, Japan, India, South Korea, Taiwan, Malaysia, Thailand, Indonesia and Singapore contribute around 99.5% of the total production of steel. Also, these nations together contribute 97% of the export globally.

India continued to rank fourth in the world steel production with an output of 76.7 million tons, showing the highest growth of 4.2% among top five steel producing nations in 2012. Supply side issues on raw material availability and sharp depreciation of Rupee affected the operating environment of the industry.

This impacted the underlying sentiment and uncertainty in the economic environment. While India recorded growth in apparent steel use, it was well below the expectations due to challenging macro conditions. India has been a net importer of steel especially at the high value-added end product portfolio and is likely to continue to do so. Demand for steel in India will continue to grow given the significant need for infrastructure growth and the increasing urbanization in the country.

### YOUR COMPANY & GROWTH :

Despite the global challenges, we saw constructive demand growth in our businesses. Gallantt Ispat has achieved revenue from operations of ₹ 41099.81 Lacs, Net Profit of ₹ 1172.82 Lacs and Earnings per Share (EPS) of ₹ 4.38 for the Financial Year ended March 31, 2013. This is a reflection of the quality of our assets and growing demand for our products across the region. The increased cost of raw materials and inflationary rise in other expenses resulted into lowering of Profit before Depreciation, Interest and Taxes (PBDIT). The Company remains focused to improve its core business and look for higher market share in the business segments in which it operates. We, at Gallantt, are looking to capture the major demand of our products in Northern and Eastern Part of the country specifically, Uttar Pradesh, Uttarakhand, Bihar, Jharkhand, etc. and have plans to enlarge our branded products portfolio with a special focus on rural sales through dealership network in rural areas.

I would like to thank all our colleagues across the country for their hard work and valued contribution during 2012-13. I am grateful to the Board of Directors for their unwavering support and guidance. I take this opportunity to express my gratitude to all our stakeholders, who have reposed trust in us and extended their constant support.

Thanking you,  
Yours truly,  
**C. P. Agarwal**

# Corporate Information

## Ninth Annual Report 2012-2013

### Board of Directors

Mr. Chandra Prakash Agarwal  
*Chairman & Managing Director*  
Mr. Prem Prakash Agarwal  
*Whole Time Director*  
Mr. Nitin M Kandoi  
*Whole Time Director*  
Mr. Rajesh Kumar Jain  
*Non-Executive Independent Director*  
Mr. Jyotirindra Nath Dey  
*Non-Executive Independent Director*  
Mr. Piyush Kankrania  
*Non-Executive Independent Director*

### Auditors

Anoop Agarwal & Co.,  
*Chartered Accountants*

### Cost Auditors

Upendra Tiwari & Associates  
*Cost Accountants*

### Company Secretary and Manager A & F

Mr. Nitesh Kumar

### Registered Office

1, Crooked Lane, Second Floor  
Room Nos. 222 & 223  
Kolkata - 700 069  
Tel: 033-40642189  
Telefax: 033-22312429  
Website: www.gallantt.com

### Bankers

State Bank of India  
State Bank of Mysore  
State Bank of Patiala  
ICICI Bank  
HDFC Bank

### Equity Shares Listed On

BSE Limited  
National Stock Exchange of India Limited

### Registrars & Share Transfer Agents

Niche Technologies Pvt. Ltd.  
D-511, Bagree Market  
71, B.R.B. Basu Road,  
Kolkata - 700 001  
Tel.: 033-22357270/7271/3070/2234  
Fax: 033-22156823

### Works

Plot No. AL-5, Sector – 23  
Gorakhpur Industrial Development  
Authority (GIDA), Sahjanwa,  
Gorakhpur, Uttar Pradesh - 273209

### Audit Committee of the Board

Mr. Piyush Kankrania - Chairman  
Mr. Rajesh Kumar Jain  
Mr. Jyotirindra Nath Dey

### Share Transfer and Shareholders' / Investors' Grievance Committee of the Board

Mr. Rajesh Kumar Jain - Chairman  
Mr. Piyush Kankrania  
Mr. Jyotirindra Nath Dey

### Remuneration Committee of the Board

Mr. Jyotirindra Nath Dey - Chairman  
Mr. Piyush Kankrania  
Mr. Rajesh Kumar Jain

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### IMPORTANT COMMUNICATION TO MEMBERS

As you all may be aware, Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing Circulars 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011, whereby Companies are permitted to send Notices/documents including Annual Report comprising Balance Sheet, Statement of Profit & Loss, Directors Report, Auditors Report etc. in electronic mode to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Company's Share Transfer Agent, Niche Technologies Private Limited by sending e-mail to nichetechpl@nichetechpl.com



# Notice

Notice is hereby given that the Nineth Annual General Meeting of GALLANTT ISPAT LIMITED will be held on Thursday 19th September, 2013 at 11.30 A.M. at - RABINDRA OKAKURA BHAVAN, DD-27/A/1, Sector - 1, DD Block, Salt Lake City, Kolkata - 700 091 to transact the following business :

## ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as on 31st March, 2013, Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended March 31, 2013.
3. To reappoint Mr. Rajesh Kumar Jain, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :

**“RESOLVED THAT** M/s. Anoop Agarwal & Co., Chartered Accountants (Regn. No. 01739C), the retiring Auditors be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee, in addition to the reimbursement of all out of pocket expenses in connection with the Audit of the Accounts of the Company.”

## SPECIAL BUSINESS :

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311 and 316 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to all such sanctions as may be found necessary, Mr. Chandra Prakash Agarwal, Managing Director of the Company be and is hereby reappointed as a Managing Director of the Company for a period of 5 Years effective from 1st April, 2014 on such terms and conditions, emoluments, perquisites and benefits as set out in the agreement entered into between the Board of Directors and Mr. Chandra Prakash Agarwal an abstract of which are detailed hereinbelow :

## Remuneration :

Salary : At the rate of ₹ 1,00,000/- (Rupees One Lac only) per month from 1st April, 2014 in the scale of ₹ 1,00,000-10,000-1,40,000/- with provision for annual increment of ₹ 10,000/- from the beginning of the Financial Year i.e. 1st April, 2015.

Perquisites : He will be entitled to reimbursement of medical expenses and leave travel concession for self and family, club fees & premium for medical/accidental insurance subject to maximum amount not exceeding ₹ 3,00,000/- in a financial year. For the purpose of calculating the ceiling, the perquisites shall be evaluated as per Income Tax Rules, 1961.

Others : Use of car for Company's business, telephone and other communication facilities at residence/ other places, reimbursement of travelling, entertainment and all other expenses for the purpose of business incurred by him shall not be treated as perquisites.

Commission : No commission shall be paid.

Minimum Remuneration : The above salary will be payable to the Managing Director even in case of loss or inadequacy of profits in respect of any financial year during his tenure of office in compliance with Schedule XIII to the Companies Act, 1956.

Sitting Fees : The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

Gratuity and encashment of leave : He will be entitled to gratuity and encashment of leave as per rules of the Company.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Mr. Chandra Prakash Agarwal and to do all such acts, deeds, matters and things, as it may, at its absolute discretion, consider necessary, expedient or desirable, to give effect to the foregoing Resolution or otherwise considered by it to be in the interests of the Company.”

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

**“RESOLVED THAT** pursuant to the provisions of Sections

## Notice *(Contd.)*

198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to all such sanctions as may be found necessary, Mr. Prem Prakash Agarwal, Whole-time Director of the Company be and is hereby reappointed as a Whole-time Director of the Company for a period of 5 Years effective from 1st April, 2014 on such terms and conditions, emoluments, perquisites and benefits as set out in the agreement entered into between the Board of Directors and Mr. Prem Prakash Agarwal an abstract of which are detailed hereinbelow :

### **Remuneration :**

Salary : At the rate of ₹ 1,00,000/- (Rupees One Lac only) per month from 1st April, 2014 in the scale of ₹ 1,00,000-10,000-1,40,000/-with provision for annual increment of ₹ 10,000/- from the beginning of the Financial Year i.e. 1st April, 2015.

Perquisites : He will be entitled to reimbursement of medical expenses and leave travel concession for self and family, club fees & premium for medical/accidental insurance subject to maximum amount not exceeding ₹ 3,00,000/- in a financial year. For the purpose of calculating the ceiling, the perquisites shall be evaluated as per Income Tax Rules, 1961.

Others : Use of car for Company's business, telephone and other communication facilities at residence/other places, reimbursement of travelling, entertainment and all other expenses for the purpose of business incurred by him shall not be treated as perquisites.

Commission : No commission shall be paid.

Minimum Remuneration : The above salary will be payable to the Whole-time Director even in case of loss or inadequacy of profits in respect of any financial year during his tenure of office in compliance with Schedule XIII to the Companies Act, 1956.

Sitting Fees : The Whole-time Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

Gratuity and encashment of leave : He will be entitled to gratuity and encashment of leave as per rules of the Company."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/ or Agreement in such manner

as may be agreed to between the Board of Directors and Mr. Prem Prakash Agarwal and to do all such acts, deeds, matters and things, as it may, at its absolute discretion, consider necessary, expedient or desirable, to give effect to the foregoing Resolution or otherwise considered by it to be in the interests of the Company."

7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

**"RESOLVED THAT** pursuant to provisions of Section 314 and other applicable provisions, rules and regulations and subject to such approval as may be necessary, if so required, the consent of the Company be and is hereby accorded to the appointment of Mrs. Uma Agrawal (Wife of Director's brother) as Senior Executive (Office Administration) in the Company with effect from April 1, 2013 on the following terms & conditions including remuneration and in pursuance of the service rules as applicable to the employees of the Company :

- i) Salary : In the scale of ₹ 50,000 – ₹ 5,000 – ₹ 1,00,000 per month.
- ii) Perquisites : She will be entitled to receive ₹ 15,000 per annum as medical reimbursement subject to submission of Medical bills. She will be entitled to maintain a car at the expenses of the Company to be used for official purposes.
- iii) Others : Use of telephone and other communication facilities at residence/other places, reimbursement of travelling, entertainment and all other expenses for the purpose of business incurred by her shall not be treated as perquisites.

For the purpose of calculating the ceiling, the perquisites shall be evaluated as per Income Tax Rules, 1961.

- iv) Gratuity and encashment of leave : She will be entitled to gratuity and encashment of leave as per rules of the Company."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to take such steps and to do such acts, deeds, matters and things as they may deem proper and give/send such notices, directions as may be necessary to give effect to the above resolution."

8. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

**"RESOLVED THAT** pursuant to provisions of Section 314

## Notice *(Contd.)*

and other applicable provisions, rules and regulations and subject to such approval as may be necessary, if so required, the consent of the Company be and is hereby accorded to the appointment of Mrs. Shyama Agrawal (Wife of Mr. Prem Prakash Agarwal, Whole-time Director) as a Senior Executive (Personnel) in the Company with effect from April 1, 2013 on the following terms & conditions including remuneration and in pursuance of the service rules as applicable to the employees of the Company :

- i) Salary : In the scale of ₹ 50,000 – ₹ 5,000 – ₹ 1,00,000 per month.
- ii) Perquisites : She will be entitled to receive ₹ 15,000 per annum as medical reimbursement subject to submission of Medical bills. She will be entitled to maintain a car at the expenses of the Company to be used for official purposes.
- iii) Others : Use of telephone and other communication facilities at residence/other places, reimbursement of travelling, entertainment and all other expenses for the purpose of business incurred by her shall not be treated as perquisites.

For the purpose of calculating the ceiling, the perquisites shall be evaluated as per Income Tax Rules, 1961.

- iv) Gratuity and encashment of leave : She will be entitled to gratuity and encashment of leave as per rules of the Company."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to take such steps and to do such acts, deeds, matters and things as they may deem proper and give/send such notices, directions as may be necessary to give effect to the above resolution."

9. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

**"RESOLVED THAT** pursuant to provisions of Section 314 and other applicable provisions, rules and regulations and subject to such approval as may be necessary, if so required, the consent of the Company be and is hereby accorded to the appointment of Mrs. Shruti Kandoi (Wife of Mr. Nitin M Kandoi, Whole-time Director) as a Senior Executive (MIS) in the Company with effect from April 1, 2013 on the following terms & conditions including remuneration and in pursuance of the service rules as applicable to the employees of the Company :

- i) Salary : In the scale of ₹ 50,000 – ₹ 5,000 – ₹ 1,00,000 per month.
- ii) Perquisites : She will be entitled to receive ₹ 15,000 per annum as medical reimbursement subject to submission of Medical bills. She will be entitled to maintain a car at the expenses of the Company to be used for official purposes.
- iii) Others : Use of telephone and other communication facilities at residence/other places, reimbursement of travelling, entertainment and all other expenses for the purpose of business incurred by her shall not be treated as perquisites.

For the purpose of calculating the ceiling, the perquisites shall be evaluated as per Income Tax Rules, 1961.

- iv) Gratuity and encashment of leave : She will be entitled to gratuity and encashment of leave as per rules of the Company."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to take such steps and to do such acts, deeds, matters and things as they may deem proper and give/send such notices, directions as may be necessary to give effect to the above resolution."

10. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

**"RESOLVED THAT** pursuant to provisions of Section 314 and other applicable provisions, rules and regulations and subject to such approval as may be necessary, if so required, the consent of the Company be and is hereby accorded to increase the remuneration of Mr. Mayank Agrawal, son of Mr. Chandra Prakash Agarwal (Chairman & Managing Director) with effect from April 01, 2013 from ₹ 45,000 per month to ₹ 50,000 per month in the scale of ₹ 50,000 – ₹ 5,000 – ₹ 1,00,000. He shall also be entitled to the following perquisites :

2. Perquisites : He will be entitled to receive ₹ 1,00,000 per annum as medical reimbursement subject to submission of Medical bills. He will be entitled to maintain a car at the expenses of the Company to be used for official purposes.
3. Others : Use of telephone and other communication facilities at residence/other places, reimbursement of travelling, entertainment and all other expenses for the purpose of business incurred by him shall not be treated as perquisites.

## Notice *(Contd.)*

For the purpose of calculating the ceiling, the perquisites shall be evaluated as per Income Tax Rules, 1961.

4. Gratuity and encashment of leave: He will be entitled to gratuity and encashment of leave as per rules of the Company."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to take such steps and to do such acts, deeds, matters and things as they may deem proper and give/send such notices, directions as may be necessary to give effect to the above resolution."

11. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

**"RESOLVED THAT** pursuant to provisions of Section 314 and other applicable provisions, rules and regulations and subject to such approval as may be necessary, if so required, the consent of the Company be and is hereby accorded to the appointment of Mrs. Pallavi Agrawal (Wife of Son of Mr. C. P. Agarwal, Chairman & Managing Director) as a Senior Executive (Corporate Communication) in the Company with effect from April 1, 2013 on the following terms & conditions including remuneration and in pursuance of the service rules as applicable to the employees of the Company :

1. Salary : In the scale of ₹ 50,000 – ₹ 5,000 – ₹ 1,00,000 per month.
2. Perquisites : She will be entitled to receive ₹ 15,000 per annum as medical reimbursement subject to submission of Medical bills. She will be entitled to maintain a car at the expenses of the Company to be used for official purposes.
3. Others : Use of telephone and other communication facilities at residence/other places, reimbursement of travelling, entertainment and all other expenses for the purpose of business incurred by her shall not be treated as perquisites.

For the purpose of calculating the ceiling, the perquisites shall be evaluated as per Income Tax Rules, 1961.

4. Gratuity and encashment of leave: She will be entitled to gratuity and encashment of leave as per rules of the Company."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to take such steps and to do such acts, deeds, matters and things as they may deem proper and

give/send such notices, directions as may be necessary to give effect to the above resolution."

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE 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 relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 set out in the Notice is annexed hereto.
3. Members are requested to note that the company's equity shares are under compulsory demat trading for all investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 13th September, 2013 to 19th September, 2013 (both days inclusive)
5. Dividend on Equity Shares as recommended by the Directors for the year ended March 31, 2013, when declared at the meeting, will be paid :
  - (i) to those Members, holding shares in physical form, whose names appear on the Register of Members of the Company, at the close of business hours on 12th September, 2013 after giving effect to all valid transfers in physical form lodged on or before 12th September, 2013 with the Company and/or its Registrar and Transfer Agent; and
  - (ii) in respect of shares held in electronic form, to all beneficial owners as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Serviced (India) Limited (CDSL) at the close of business hours on 12th September, 2013.
6. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to their Depository Participant (DP) only and not to the company or its Registrar and Transfer Agent. Any such changes effected by the DPs will automatically reflect in the company's subsequent records.
7. Pursuant to the requirements on corporate governance under Clause 49 of listing agreements entered into with stock exchanges, the information about the Directors



## Notice *(Contd.)*

proposed to be re-appointed is given in the Annexure to the Notice.

8. The annual report of the company circulated to the Members of the company, will be made available on the company's website at [www.gallantt.com](http://www.gallantt.com)
9. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting. Members holding shares in dematerialized form are requested to write their Client ID and DP ID numbers in the Attendance Slip for attending the Meeting.
10. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature recorded with the Company for admission to the meeting hall. Members are requested to bring their copies of the Annual Report, as copies of the Report will not be distributed again at the Meeting.
11. Members who have not so far encashed their Dividend Warrants for the Accounting years ended 31st March, 2011 and 2012 are requested to approach immediately the Registrars for revalidation of unclaimed Dividend Warrants.

**Registered Office :**  
1, Crooked Lane,  
Second Floor, Room Nos. 222 & 223  
Kolkata - 700 069  
Date : August 12, 2013

By Order of the Board

**Nitesh Kumar**  
*Company Secretary*

### EXPLANATORY STATEMENT :

#### Item No. 5

The tenure of Mr. Chandra Prakash Agarwal as Managing Director was upto 31st March, 2014. Subject to the approval of the Shareholders in the next General Meeting, the Board of Directors have at their Meeting held on August 12, 2013, pursuant to the approval of the remuneration committee, approved the re-appointment of Mr. Chandra Prakash Agarwal as Managing Director of the Company for a period of 5 years w.e.f. 1st April, 2014. He is a Bachelor of Commerce from Gorakhpur University having multifunctional experience of more than twenty six years. He is very well versed in all aspects of marketing, finance, costing, technical matters and administration. He is aged about 58 years. In his term of office spanning seven years, Mr. Chandra Prakash Agarwal has

contributed extensively towards the growth of the Company and has been actively responsible for the installation, implementation and functioning of units of the Company and attainment of the highest standards of quality. By focussing on key areas such as Finance, ERP implementation, Value Engineering, Process Documentation, Environment Health and Safety measures, he has significantly strengthened the foundation of the Company. The turnover of the Company has increased considerably under his guidance. In view of the significant contributions made by him, the Board of Directors recommend the appointment of Mr. Chandra Prakash Agarwal as a Managing Director of the Company for a period of five years on the remuneration as detailed hereinbelow, which shall be effective from April 01, 2014. The proposed remuneration will be within overall limit of Schedule XIII of the Companies Act, 1956.

Mr. Chandra Prakash Agarwal forms part of the Promoter Group as defined under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time and holds 31,12,000 Equity Shares in the Company. Further, he is a Director of Gallantt Metal Limited and working in the capacity of Managing Director.

Briefly, the terms and conditions of the re-appointment and remuneration of Mr. Chandra Prakash Agarwal are as follows:

1. He shall carry out such duties as may be entrusted to him subject to the supervision of the Board of Directors.
2. The re-appointment shall be for a period of 5 (five) years w.e.f. 01.04.2014.
3. Remuneration :

Salary : At the rate of ₹ 1,00,000/- (Rupees One Lac only) per month from 1st April, 2014 in the scale of ₹ 1,00,000-10,000-1,40,000/- with provision for annual increment of ₹ 10,000/- from the beginning of the Financial Year i. e. 01.04.2015.

Perquisites : He will be entitled to reimbursement of medical expenses and leave travel concession for self and family, club fees & premium for medical/accidental insurance subject to maximum amount not exceeding ₹ 3,00,000/- in a financial year. For the purpose of calculating the ceiling, the perquisites shall be evaluated as per Income Tax Rules, 1961.

Others : Use of car for Company's business, telephone and other communication facilities at residence/other places, reimbursement of travelling, entertainment and all other expenses for the purpose of business incurred by him shall not be treated as perquisites.



## Notice *(Contd.)*

**Commission :** No commission shall be paid.

**Minimum Remuneration :** The above salary will be payable to the Managing Director even in case of loss or inadequacy of profits in respect of any financial year during his tenure of office in compliance with Schedule XIII to the Companies Act, 1956.

**Sitting Fees :** The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

**Gratuity and encashment of leave:** He will be entitled to gratuity and encashment of leave as per rules of the Company.

None of the Directors other than Mr. Chandra Prakash Agarwal and Mr. Prem Prakash Agarwal are interested or concerned in the said resolution.

The proposed resolution is required to be passed as a Special Resolution as required under the amended Schedule XIII to the Companies Act, 1956 and as such, the Directors commend your approval. In compliance with the provisions of Section 309 of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in General Meeting for their approval.

The proposed resolution along with explanatory statement which sets out the material terms and conditions in respect of re-appointment of Mr. Chandra Prakash Agarwal as a Managing Director of the Company be also treated as an abstract and Memorandum of interest under Section 302 of the Companies Act, 1956.

The Agreement entered into with Mr. Chandra Prakash Agarwal in terms of the Special Resolution under item No. 5 of the notice will be made available for inspection at the Registered Office of the Company on any working day, prior to the date of this Ninth Annual General Meeting between 11.00 A. M. and 1.00 P. M. and will also be available for inspection from 11.30 A.M. at the place and date of the Meeting.

### **Item No. 6**

The tenure of Mr. Prem Prakash Agarwal as Whole-time Director was upto 31st March, 2014. Subject to the approval of the Shareholders in the next General Meeting, the Board of Directors have at their Meeting held on August 12, 2013 pursuant to the approval of the remuneration committee, approved the re-appointment of Mr. Prem Prakash Agarwal as Whole-time Director of the Company for a period of 5 years w.e.f. 1st April, 2014. He is a Bachelor of Commerce from Gorakhpur University having an aggregate experience of more than twenty two years in the manufacturing of Wheat Flour Products and more than a decade in the steel industry. He supervises the functioning of various departments in the

organization such as Sales & Marketing, Estimation, Customer Relationship Management, Cost Audit, Human Resources, Purchase, Corporate Communications & IT, day to day administration, finance and accounts.

He is aged about 47 years. The proposed remuneration will be within overall limit of Schedule XIII of the Companies Act, 1956. In his term of office since inception, Mr. Prem Prakash Agarwal has contributed extensively towards the growth of the Company and has been actively responsible together with other officers for the installation, implementation and functioning of units of the Company and attainment of the highest standards of quality. The Company has streamlined the process and achieved great administration within the organization under his superb guidance. In view of the significant contributions made by him, the Board of Directors recommend the appointment of Mr. Prem Prakash Agarwal as a Whole-time Director designated as Whole-time Director of the Company for a period of five years on the remuneration as detailed hereinbelow, which shall be effective from April 01, 2014.

Mr. Prem Prakash Agarwal forms part of the Promoter Group as defined under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time and holds 33,333 Equity Shares in the Company. Further, he is neither a Director of any other public company nor holds membership of Committees.

Briefly, the terms and conditions of the re-appointment and remuneration of Mr. Prem Prakash Agarwal are as follows :

1. He shall carry out such duties as may be entrusted to him subject to the supervision of the Board of Directors.
2. The re-appointment shall be for a period of 5 (five) years w.e.f. 01.04.2014.
3. Remuneration :

**Salary :** At the rate of ₹ 1,00,000/- (Rupees One Lac only) per month from 1st April, 2014 in the scale of ₹ 1,00,000-10,000-1,40,000/- with provision for annual increment of ₹ 10,000/- from the beginning of the Financial Year i. e. 01.04.2015.

**Perquisites :** He will be entitled to reimbursement of medical expenses and leave travel concession for self and family, club fees & premium for medical/accidental insurance subject to maximum amount not exceeding ₹ 3,00,000/- in a financial year. For the purpose of calculating the ceiling, the perquisites shall be evaluated as per Income Tax Rules, 1961.

**Others :** Use of car for Company's business, telephone and other communication facilities at residence/ other places, reimbursement of travelling, entertainment and all other expenses for the purpose of business incurred by him shall

## Notice *(Contd.)*

not be treated as perquisites.

**Commission :** No commission shall be paid.

**Minimum Remuneration :** The above salary will be payable to the Whole-time Director even in case of loss or inadequacy of profits in respect of any financial year during his tenure of office in compliance with Schedule XIII to the Companies Act, 1956.

**Sitting Fees :** The Whole-time Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

**Gratuity and encashment of leave :** He will be entitled to gratuity and encashment of leave as per rules of the Company.

None of the Directors other than Mr. Prem Prakash Agarwal and Mr. Chandra Prakash Agarwal are interested or concerned in the said resolution.

The proposed resolution is required to be passed as a Special Resolution as required under the amended Schedule XIII to the Companies Act, 1956 and as such, the Directors commend your approval. In compliance with the provisions of Section 309 of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in General Meeting for their approval.

The proposed resolution along with explanatory statement which sets out the material terms and conditions in respect of reappointment of Mr. Prem Prakash Agarwal as a Whole-time Director of the Company be also treated as an abstract and Memorandum of interest under Section 302 of the Companies Act, 1956.

The Agreement entered into with Mr. Prem Prakash Agarwal in terms of the Special Resolution under item No. 6 of the notice will be made available for inspection at the Registered Office of the Company on any working day, prior to the date of this Ninth Annual General Meeting between 11.00 A. M. and 1.00 P. M. and will also be available for inspection from 11.30 A.M. at the place and date of the Meeting.

### Item No. 7

Mrs. Uma Agrawal, wife of Mr. Santosh Kumar Agarwal (Brother of Directors) has joined the Company and appointed as a Senior Executive (Office Administration) with effect from April 01, 2013. Her appointment was approved by the Board of Directors of the Company at its meeting held on April 01, 2013.

Mrs. Uma Agrawal is aged about 59 years and is a qualified Intermediate Examination. She held various positions in the Group Company M/s. Gallantt Udyog Limited before and significantly contributed to the growth of the Company. She

has vast experience in the field of Administration, particularly in day to day management of activities within and outside the organization. Keeping in view Company's recruitment policy Mrs. Uma Agrawal has been appointed in a senior level on the terms & conditions and in pursuance of service rules as applicable to the employees of the Company. Mrs. Uma Agrawal is related to Mr. Chandra Prakash Agarwal and Mr. Prem Prakash Agarwal both Directors of the Company and her appointment in place of profit attracts Section 314 of the Companies Act, 1956.

In the light of explanations and justifications given above, it is recommended to approve the appointment of Mrs. Uma Agrawal as Senior Executive (Administration) as a Special Resolution. Remuneration paid or proposed to be paid to Mrs. Uma Agrawal is commensurate with her experience and is in line with Company's HR policies and prevalent industry standards. The Board recommends this resolution. Except Mr. Chandra Prakash Agarwal and Mr. Prem Prakash Agarwal, none of the other Directors is concerned or interested in the above resolution.

### Item No. 8

Mrs. Shyama Agrawal, wife of Mr. Prem Prakash Agarwal has joined the Company and has been appointed as a Senior Executive (Personnel) with effect from April 01, 2013. Her appointment was approved by the Board of Directors of the Company at its meeting held on April 01, 2013.

Mrs. Shyama Agrawal is aged about 45 years and is a qualified Intermediate Examination. Mrs. Shyama Agrawal held various positions in the Group Company M/s. Gallantt Udyog Limited before and significantly contributed to the growth of the Company. She has vast experience in the field of Personnel Management, particularly in formulation and execution of personnel policy. Apart from day to day management of personnel department, she is closely associated in formulation of HR policies and advising the management various other issues of her department. Keeping in view Company's recruitment policy Mrs. Shyama Agrawal has been appointed in a senior level on the terms & conditions and in pursuance of service rules as applicable to the employees of the Company. Mrs. Shyama Agrawal is related to Mr. Prem Prakash Agarwal and Mr. Chandra Prakash Agarwal both Directors of the Company and her appointment in place of profit attracts Section 314 of the Companies Act, 1956.

In the light of explanations and justifications given above, it is recommended to approve the appointment of Mrs. Shyama Agrawal as Senior Executive (Personnel) as a Special Resolution.

## Notice *(Contd.)*

Remuneration paid or proposed to be paid to Mrs. Shyama Agrawal is commensurate with her experience and is in line with Company's HR policies and prevalent industry standards. The Board recommends this resolution. Except Mr. Prem Prakash Agarwal and Mr. Chandra Prakash Agarwal, none of the other Directors is concerned or interested in the above resolution.

### Item No. 9

Mrs. Shruti Kandoi, wife of Mr. Nitin M Kandoi has joined the Company and has been appointed as a Senior Executive (MIS) with effect from April 01, 2013. Her appointment was approved by the Board of Directors of the Company at its meeting held on April 01, 2013.

Mrs. Shruti Kandoi is aged about 37 years and is a qualified H.S.C. (Interior). She held various positions in the Group Company M/s. Gallantt Udyog Limited before and significantly contributed to the growth of the Company. She has tremendous experience in planning, developing and implementation of MIS strategies. Mrs. Shruti Kandoi with her vast experience has understood the business requirements for MIS and has set the process, systems and procedures in place. She is currently actively involved in SAP, HR systems, MIS, Banking etc. Mrs. Shruti Kandoi has been appointed in a senior level on the terms & conditions and in pursuance of service rules as applicable to the employees of the Company. Mrs. Shruti Kandoi is related to Mr. Nitin M Kandoi, Whole-time Director of the Company and her appointment in place of profit attracts Section 314 of the Companies Act, 1956.

In the light of explanations and justifications given above, it is recommended to approve the appointment of Mrs. Shruti Kandoi as Senior Executive (MIS) as a Special Resolution. Remuneration paid or proposed to be paid to Mrs. Shruti Kandoi is commensurate with her experience and is in line with Company's HR policies and prevalent industry standards. The Board recommends this resolution. Except Mr. Nitin M Kandoi, none of the other Directors is concerned or interested in the above resolution.

### Item No. 10

Mr. Mayank Agrawal, aged about 29 years, is a qualified Bachelor in Business Administration (BBA) from Amity University, India and is presently working in the Company as a Chief Executive Officer of the Company. Before joining the Company, he was closely associated with Gallantt Metal Limited, Group Company as a Project Manager. Under his supervision and guidance Gallantt Metal Limited has achieved

installed and commissioned its various units. His vast experience includes Project execution, Accounts, Finance operations.

Mr. Mayank Agrawal, son of Mr. Chandra Prakash Agarwal, Managing Director of the Company, was appointed as a Chief Executive Officer of the Company, an office of profit, with effect from 1st April, 2008. With his vast experience, Mr. Mayank Agrawal has understood the business nuances of the Company and set the process, systems and procedures in place and established control over the business. His scope of work covers complete control over the financial and commercial transactions of the Company in and outside India, more specifically banking, treasury, accounting, production, marketing etc. In addition, his responsibilities include – to develop and deliver on the company's strategic plan in the most effective and efficient manner and to ensure that the company achieves its strategic objectives and to provide leadership and direction to staff.

Since, he has been actively involved in promoting the business of the Company and contributed greatly in the growth of the Company and now with commissioning of all units of the Company his responsibilities increased many fold, it is only natural to pay him according to responsibilities he is handling, hence, the Board of Directors at its meeting held on April 01, 2013 has decided to increase his remuneration from existing ₹ 45,000 per month to ₹ 50,000 per month and put him in the pay scale of ₹ 50,000 – ₹ 5,000 – ₹ 1,00,000. He is also entitled to perquisites mention in the resolution no. 10 above.

In the light of explanations and justifications given above, it is recommended to approve the increase in remuneration of Mr. Mayank Agrawal. Since, Mr. Mayank Agrawal is falling under the definition of 'relative' given in Section 6 of the Companies Act, 1956 hence, approval of shareholders is required under Section 314 of the Companies Act, 1956 to increase his remuneration.

Board of Directors recommend the passing of this resolution as Special Resolution. Except Mr. Chandra Prakash Agarwal, none of the other Directors is concerned or interested in the above resolution.

### Item No. 11

Mrs. Pallavi Agrawal, wife of Mr. Mayank Agrawal has joined the Company and has been appointed as a Senior Executive (Corporate Communication) with effect from April 01, 2013. Her appointment was approved by the Board of Directors of the Company at its meeting held on April 01, 2013.

## Notice *(Contd.)*

Mrs. Pallavi Agrawal is aged about 26 years and is a Commerce Graduate. She has vast experience in the area of Corporate Communication like interpersonal communications, effective presentation, networking and external corporate communication etc. Mrs. Pallavi Agrawal with her vast experience has understood the business requirements for Corporate Communication for long-term partnerships build on shared expectations and close working relationships aimed at exceeding customer goals and to retain the customers for longer period on an ongoing basis.

Mrs. Pallavi Agrawal has been appointed in a senior level on the terms & conditions and in pursuance of service rules as applicable to the employees of the Company. Mrs. Pallavi Agrawal is related to Mr. Chandra Prakash Agarwal, Managing Director of the Company and her appointment in place of profit attracts Section 314 of the Companies Act, 1956.

In the light of explanations and justifications given above, it is recommended to approve the appointment of Mrs. Pallavi Agrawal as Senior Executive (Corporate Communication) as a Special Resolution. Remuneration paid or proposed to be paid to Mrs. Pallavi Agrawal is commensurate with her experience and is in line with Company's HR policies and prevalent industry standards. The Board recommends this resolution. Except Mr. Chandra Prakash Agarwal, none of the other Directors is concerned or interested in the above resolution.

**Registered Office :**  
1, Crooked Lane,  
Second Floor, Room Nos. 222 & 223  
Kolkata - 700 069  
Date : August 12, 2013

By Order of the Board

**Nitesh Kumar**  
*Company Secretary*



# Directors' Report

*Dear Members*

Your Directors have pleasure in presenting the 9th Annual Report of the Company and the Annual Accounts for the year ended 31st March, 2013.

## 1. WORKING RESULTS

(₹ in Lacs)

| Financial Results                            | 2013      | 2012      |
|--|-----------|-----------|
| Income from Operation                        | 41,099.81 | 26,796.11 |
| Other Income                                 | 2,259.41  | 1,798.74  |
| Profit before Interest, Depreciation and Tax | 5,325.00  | 4,093.06  |
| Less: Finance Cost                           | 2,093.97  | 1,732.99  |
| Profit before Depreciation & Tax             | 3,231.03  | 2,360.07  |
| Less: Depreciation (including amortization)  | 1,664.35  | 1,373.93  |
| Less: Exceptional and Extraordinary Items    | 27.86     | 27.86     |
| Less: Prior Period Expenses                  | 23.46     | 12.55     |
| Profit Before Tax                            | 1,515.36  | 945.73    |
| Tax Expenses                                 | 342.54    | 356.80    |
| Profit After Tax                             | 1,172.82  | 588.93    |

## 2. PERFORMANCE REVIEW

During the year your Company has achieved revenue from operations of ₹ 41099.81 Lacs, Net Profit of ₹ 1172.82 Lacs and Earnings per Share (EPS) of ₹ 4.38 for the Financial Year ended March 31, 2013. This is a reflection of the quality of our assets and growing demand for our products across the region. The increase in turnover for the Financial Year 2012-13 by over 53% to ₹ 41099.81 Lacs from ₹ 26796.11 Lacs in the previous year essentially due to exploring the new market and wide acceptance of product of the Company.

Yours Directors are pleased to report a good performance of the Company in terms of both financial and operational performance.

## 3. DIVIDEND

The management is pleased to recommend final dividend at the rate of ₹ 0.50/- (Fifty Paise) per Equity Share on 2,92,66,505 Equity Shares of ₹ 10 /- each i.e. 5% on each Equity Share of the company, total outgo on account of dividend shall be ₹ 1,46,33,252.50 subject to tax. Your

Company has allotted 25,00,000 Equity Shares pursuant to conversion of 25,00,000 Zero Coupon Fully Convertible Unsecured Debentures (the FCDs). As per the terms of the issue, new shares so allotted rank pari passu with the existing equity shares in the Company.

## 4. DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 your Directors state that :

- The Applicable Accounting Standards have been followed in the preparation of Annual Accounts.
- That the accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2013.
- That proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and

## Directors' Report *(Contd.)*

for preventing and detecting fraud and other irregularities.

- D. That the Annual Accounts have been prepared on a going concern basis.

### 5. ALLOTMENT OF 25,00,000 EQUITY SHARES PURSUANT TO CONVERSION OF ZERO COUPON FULLY CONVERTIBLE UNSECURED DEBENTURES

Board of Directors of the Company at its meeting held on 25th day of May, 2013, inter alia, has converted 25,00,000 Zero Coupon Fully Convertible Unsecured Debentures (hereinafter referred to as the "FCDs") into 25,00,000 Equity Shares of ₹ 10/- each fully paid up in compliance with Section 81(1A) of the Companies Act, 1956, SEBI (ICDR) Regulations, 2009 and all other applicable laws and regulations. After conversion of FCDs into Equity Shares, paid up share capital of the Company stood at ₹ 29,26,65,050/- divided into 2,92,66,505 equity shares of ₹ 10 each. New Shares so allotted rank pari passu with the existing equity shares in the Company. Equity Shares allotted have been listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

### 6. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has always strived to maintain applicable standards of good corporate governance and the commitment to good corporate governance is embodied in its vision, mission and corporate values. The report on corporate governance as stipulated under Clause 49 of the listing agreements forms part of this report. The requisite certificate from the auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the said clause is attached to this report. Further, as required under Clause 49 of the Listing Agreement a Management Discussion and Analysis Report is appended to the Annual Report.

### 7. LISTING INFORMATION

The Equity Shares in the Company are in dematerialized form and is listed with BSE Limited and National Stock Exchange of India Limited. The Listing Fee has been paid to the Stock Exchanges for the year 2013-14. The ISIN No. of the Company is INE528K01011

### 8. CREDIT RATING

India Ratings & Research, a Fitch Group Company has reviewed the credit rating and upgraded it from "D" to "B".

### 9. FIXED DEPOSITS

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

### 10. PARTICULARS OF EMPLOYEES

No employee of the Company is covered under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

### 11. AUDITORS & AUDITORS' REPORT

M/s. Anoop Agarwal & Co., Chartered Accountants, statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from them that their reappointment, if made, would be within the limits laid down under Section 224 (1B) of the Companies Act, 1956.

The notes on accounts referred to the Auditors' Report are self-explanatory and therefore, do not call for any further explanation.

### 12. PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNING AND OUTGO

The particulars as prescribed under sub-section 1(e) of Section 217 of the Act, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed hereto and form part of the report.

### 13. LICENSE AGREEMENT

Company has entered into a License Agreement dated 30th March, 2013 with Gallantt Udyog Limited (Licensor) and pursuant to the agreement, the Company has been granted leave and license by the Licensor to occupy, use, run and operate the Flour Mill unit of the Licensor located at 60 KM Stone, Gorakhpur-Lucknow Highway, Sabdaiyan Kalan, Basti District of Uttar Pradesh with a factory and other utilities along with building structures commonly known as Basti Flour Mill of Gallantt Udyog Limited established in the year 2002 having present production capacity at 72,000 M.T. per annum. Terms and conditions and particulars have been clearly embodied in the said agreement. Company has complied with the requisite formalities for the above license agreement.

### 14. A PROPOSAL OF AMALGAMATION OF GALLANTT UDYOG LIMITED WITH THE COMPANY

At their meeting held on 30th March, 2013 Board of Directors of the Company has proposed to amalgamate

## Directors' Report *(Contd.)*

of Gallantt Udyog Limited with the Company with effect from Transfer Date 01.04.2013 whereby the identity of both Companies would be blended into one single company. Further, the Board of Directors of the Company at its meeting held on August 12, 2013 approved the amalgamation of Gallantt Udyog Limited with the Company pursuant to the Scheme under Sections 391-394 of the Companies Act, 1956 with effect from April 01, 2013. Gallantt Udyog Limited is forming part of the Promoter Group of the Company having diversified business formats like Agro Segments, Real Estate, Steel etc. The Company is in process to file the application with the Hon'ble High Court of Kolkata for its approval. However, the Scheme is subject to further review.

### 15. INSPECTION UNDER SECTION 209A OF THE COMPANIES ACT, 1956

Office of the Regional Director, East, Ministry of Corporate Affairs (hereinafter referred to as "RD Office" had initiated inspection of Books of Accounts and other statutory records of the Company pursuant to the provisions of Section 209A of the Companies Act, 1956. Contravention of few provisions of Companies Act, 1956 have been revealed in the inspection report of the Officer of the RD Office. Company has taken on record the Contraventions so revealed and made good the contraventions in its records. Company has compounded the offences under Section 621A of the Companies Act, 1956 and few Contraventions are under process of compounding.

### 16. COST AUDIT

The Board of Directors, in pursuance of an order under section 233B(2) of the Companies Act, 1956, appointed M/s. Upendra Tiwari & Associates, Cost Accountants, as cost auditors of the Company to carry out the audit of the cost accounts of the Company for the financial year 2012-2013.

### 17. FINANCE AND ACCOUNTS

The significant rise in raw material cost and other input cost had an adverse effect on the profitability and cash flow. Consequently, the interest cost has increased with higher bank borrowings. However, the ratios of Debt/Equity and the Interest covers are expected to be healthy. The accounts have been prepared as per the revised Schedule VI of the Companies Act, 1956. The internal accruals are being utilized for in the business for meeting working capital requirements and in funding other capital expenditure.

### 18. PERSONNEL, INDUSTRIAL RELATIONS AND MARKETING

There were no work disruptions at the factory or at any other establishments of the Company during the year. Several in-house programme and courses on field management, motivation, finance & ERP System etc. were organized. Our employees form the backbone of our organization. People are considered to be one of most valuable resources and the Company recognizes that working environment motivate employees to be productive and innovative. A remuneration policy, which rewards achievement and is in line with the best industry practices, is consistently followed. Industrial relations have remained harmonious throughout the year.

### 19. BOARD OF DIRECTORS

The Board of Directors comprises of Six Directors of which three are Independent Directors. Mr. Rajesh Kumar Jain, Director of your Company, retires from the Board by rotation and eligible for re-election.

Appointment of Mr. Chandra Prakash Agarwal as a Managing Director and Mr. Prem Prakash Agarwal as Whole-time Director terminates on 31st March, 2014. Pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions, Board of Directors of the Company at its meeting held on August 12, 2013 reappointed Mr. Chandra Prakash Agarwal and Mr. Prem Prakash Agarwal as Managing Director and Whole-time Director of the Company respectively effective from 1st April, 2014. Above appointments are subject to the approval of the shareholders of the Company through Special Resolution.

### 20. GOVERNMENT INCENTIVES AND SUBSIDIES

The State Government of Uttar Pradesh had granted facilities to industries being set up in Uttar Pradesh having investment of above ₹ 100.00 Crores. The incentives were originally granted vide G.O. Numbers 1502/77-6-2006-10 Tax/04 dated June 1, 2006 which have been elaborated in G.O. Numbers 2941/77-6-2006-10 Tax/04 dated November 30, 2006, and further amended from time to time.

Your Company having satisfied and fulfilled the eligibility criteria for getting benefits under the above Scheme and having declared as eligible unit under scheme, a subsidy of ₹ 24.28 Crores have been disbursed by the Government of Uttar Pradesh as a part disbursement of the subsidies. Further, that Company has claimed further subsidy to the State Government of Uttar Pradesh pursuant to the investment made in the fixed capital.

## Directors' Report *(Contd.)*

Vide their G.O. bearing no. 1674/77-6-11-10/(Tax) 04 T.C.-12 dated November 18, 2011, State Government of Uttar Pradesh has refused to consider pending applications of the existing Scheme of Subsidies and Incentives given to the Industries having a Fixed Capital Investment of above ₹ 100 Crores as discussed hereinabove.

Being the unconstitutional decision and injustice on the part of the State Government of Uttar Pradesh, and for getting equal protection of law of land, your Company

has preferred a Writ petition bearing no. 12710/2011 / Misc. Bench dated 17.12.2011 at H'ble High Court of Allahabad, Lucknow Bench, Uttar Pradesh.

### 21. UNPAID AND UNCLAIMED AMOUNT OF DIVIDEND AND SHARE APPLICATION MONEY

Following amount of Unpaid Share Application Money and Unpaid Dividend has not been claimed and paid till 31.03.2013 :

| Nature of Money         | Relevant Financial Year | Bank Account Details                 | Amount lying (In ₹) |
|-------------------------|-------------------------|--------------------------------------|---------------------|
| Share Application Money | 2010-11                 | HDFC Bank Account No. 00142300001609 | 71,900.00           |
| Final Dividend for 2011 | 2010-11                 | HDFC Bank Account No. 00142300001876 | 9,929.00            |
| Final Dividend for 2012 | 2011-12                 | HDFC Bank Account No. 00142300002332 | 10036.50            |

Unpaid dividend amounts and share application money are not available for use by the Company. There is no amount due and outstanding to be credited to Investors' Education and Protection Fund as on 31.03.2013.

and the members of the Company for their continued support and also extend their appreciation to the Employees of the Company at all levels, for their unstinted commitment, dedication and team work.

### 22. ACKNOWLEDGEMENT

Your Directors would like to express their gratitude for the assistance and co-operation received from Banks, Government Authorities, valuable customers, vendors

Place : Kolkata  
Date : August 12, 2013

For and on behalf of the Board

**C. P. Agarwal**  
Chairman



# Annexure to Directors' Report

Information pursuant to Section 217(1)(e) of the Companies Act, 1956

## A. CONSERVATION OF ENERGY

### (a) Energy Conservation Measures Taken

Energy conservation continued to be an area of priority. Your Company accords highest priority for conservation of energy and necessary measures for optimizing energy consumption have been taken i.e., close and vigorously monitoring of various plants and equipments, adopting new and latest technology etc.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy - Nil

(c) In respect of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods - This has resulted in cost savings for the Company.

(d) Total energy consumption and energy consumption per unit of production as per Form "A" of the Annexure in respect of industries specified in the Schedule thereto :

## FORM - A

Disclosure of Particulars with respect to conservation of energy

(₹ in lacs)

| A.        | Power & Fuel Consumption                  | 2012-13  | 2011-12  |
|-----------|---|----------|----------|
|           | <b>1. Electricity</b>                     |          |          |
|           | (a) Purchased                             |          |          |
|           | Total Unit in Lacs KWH                    | 235.54   | 518.95   |
|           | Amount ₹ in Lacs                          | 1251.57  | 2214.64  |
|           | Rate Per Unit (₹)                         | 5.31     | 4.27     |
|           | (b) Own Generation                        |          |          |
|           | Total Units in Lacs KWH                   | 714.07   | 303.40   |
|           | Amount ₹ in Lacs                          | 3626.43  | 1213.62  |
|           | Rate per Unit                             | 5.08     | 4.00     |
|           | <b>2. Coal</b>                            |          |          |
|           | Quantity - M.T.                           | 94086.66 | 69123.07 |
|           | Total Cost - ₹ in Lacs                    | 8360.44  | 3501.84  |
|           | Average rate - ₹ per M.T.                 | 8885.90  | 5066.09  |
|           | <b>3. Furnace Oil</b>                     |          |          |
|           | Quantity (K. Ltrs.)                       | 17.90    | 76.459   |
|           | Total Cost (₹ Lacs)                       | 7.89     | 33.23    |
|           | Average Rate (₹ / K. Ltrs.)               | 44078.21 | 43461.87 |
| <b>B.</b> | <b>Consumption per unit of production</b> |          |          |
|           | <b>1. Electricity (Unit/M.T.)</b>         |          |          |
|           | - Agro                                    | 124.40   | 114.66   |
|           | - Sponge Iron                             | 103.41   | 160.84   |
|           | - Rolling                                 | 136.51   | 140.68   |
|           | - SMS (Furnace and Concast)               | 885.81   | 1036.75  |
|           | <b>2. Coal (Kg/M.T.)</b>                  |          |          |
|           | - Sponge Iron                             | 701.83   | 913.22   |
|           | - Rolling                                 | 114.10   | 160.28   |
|           | - Power Plant (Per 1000 KWH)              | 267.78   | 125.45   |

Note : Furnace Oil is consumed in Rolling Mill and its consumption is very nominal.

# Annexure to Directors' Report *(Contd.)*

## FORM - B

Disclosure of Particulars with respect to technology absorption

### RESEARCH & DEVELOPMENT (R&D)

Specific areas in which R & D carried out by the Company

No Research & Development work has been carried out by the Company.

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation etc.
  - Absorbing and adapting latest technology in maintenance system.
  - Technical Interaction with expert.
  - Continuous efforts are being made towards improvements in existing production process.
2. Benefits derived as a result of the above efforts
  - Improvement in quality of products.
  - Cost reduction
  - Improvement in the existing process and productivity.
  - Knowledge of updated technology.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to export, initiative taken to increase exports, development of new export markets for products and export plans. Nil
2. Total foreign exchange used and earned (₹ in Lacs)

|                                 | 2012-2013 | 2011-2012 |
|---------------------------------|-----------|-----------|
| CIF Value of imports            | 3,659.11  | 770.10    |
| Expenditure in foreign currency | 5.86      | Nil       |
| Earning in foreign currency     | Nil       | Nil       |

For and on behalf of the Board

Place : Kolkata

Date : August 12, 2013

**C. P. Agarwal**  
Chairman

# Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

## CORPORATE GOVERNANCE PHILOSOPHY

The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. Corporate Governance indicates transparency, accountability and reliability of any organization. One of the core missions of your organization is to achieve excellence in all spheres, be it profitability, growth in market share, superior quality of products and services to the satisfaction of the stakeholders through an efficient and effective code of governance. We aim at providing fairness, clarity and transparency in all our dealings and increasing the value of all stakeholders of the Company.

## 1. BOARD OF DIRECTORS

The composition of the Board as on March 31, 2013 is as follows :

- Executive Promoter Directors - 3
- Non Executive Independent Directors - 3

The composition of the Board is in conformity with the requirements of Clause 49 of the Listing Agreement.

During the financial year 2012-13, eleven Board Meetings were held. These were held on 21.04.2012, 14.05.2012, 11.06.2012, 29.06.2012, 23.07.2012, 13.08.2012, 17.10.2012, 16.01.2013, 14.02.2013, 09.03.2013 and 30.03.2013.

The Board is balanced comprising Executive and Non-Executive Directors. The Board has been constituted in such a way that it has understanding and competence to deal with current and emerging business issues.

Composition of the Board of Directors, their attendance in the Board Meetings and other particulars as on 31st March, 2013 are as follows :

| Name & Designation of the Directors                         | Category/ Position            | Last Annual General Meeting Attended | No. of Board Meetings Attended out of 11 meetings held during the year | No. of Other Directorships | Committee Positions held |        |
|---|-------------------------------|--------------------------------------|--|----------------------------|--------------------------|--------|
|   |                               |                                      |  |                            | Chairman                 | Member |
| Mr. Chandra Prakash Agarwal<br>Chairman & Managing Director | Executive/<br>Promoter        | Yes                                  | 11   | 1                          | Nil                      | Nil    |
| Mr. Prem Prakash Agarwal<br>Whole-time Director             | Executive /<br>Promoter       | No                                   | 9  | Nil                        | Nil                      | Nil    |
| Mr. Nitin M Kandoi<br>Whole-time Director                   | Executive/<br>Promoter        | No                                   | 5  | 1                          | Nil                      | Nil    |
| Mr. Jyotirindra Nath Dey<br>Director                        | Non-Executive/<br>Independent | Yes                                  | 10   | 2                          | 1                        | 2      |
| Mr. Rajesh Kumar Jain<br>Director                           | Non-Executive/<br>Independent | No                                   | 10   | 1                          | 1                        | 2      |
| Mr. Piyush Kankrania<br>Director                            | Non-Executive/<br>Independent | Yes                                  | 9  | Nil                        | Nil                      | Nil    |

### Notes :

- Mr. Rajesh Kumar Jain, Mr. Jyotirindra Nath Dey and Mr. Piyush Kankrania have been considered as Independent Directors as they do not have any material pecuniary relationship or transactions with the Company, its promoters, its management, etc. which in judgment of the Board, may affect independence of their judgment.
- Other Directorships of only Indian Public Limited Companies have been considered.

## Report on Corporate Governance *(Contd.)*

- Committee positions of only 3 committees namely Audit Committee, Share Transfer and Investors'/Shareholders' Grievance Committee and Remuneration Committee have been considered.
- The Company placed before the Board of Directors the annual operating plans, capital budgets, the information on recruitment and remuneration of senior officers just below the board level, performance and various other information, including those specified under Annexure I of the Listing Agreement from time to time.

Except Mr. Chandra Prakash Agarwal and Mr. Prem Prakash Agarwal who are brothers, no other directors have any inter se relationship.

Names of directors and their shareholding in the Company as on March 31, 2013 are as follows :

| Name of Directors       | No. of Shares held |
|-------------------------|--------------------|
| Chandra Prakash Agarwal | 31,12,000          |
| Prem Prakash Agarwal    | 33,333             |
| Nitin M Kandoi          | 80,000             |
| Rajesh Kumar Jain       | —                  |
| Jyotirindra Nath Dey    | —                  |
| Piyush Kankrania        |                    |

### Changes in Composition of the Board of Directors since Last Report

There is no change in the composition of the Board of Directors of the Company since last Report.

### Reappointment of Director

The brief particulars of the Directors of the Company proposed to be re-appointed at the ensuing Annual General Meeting are as under :

Details of Mr. Rajesh Kumar Jain are as under :

|   |   |
|---|---|
| Name of the Director  | Mr. Rajesh Kumar Jain   |
| Date of Birth   | 10.01.1968  |
| Date of Appointment   | 10.10.2009  |
| Qualifications  | B.Com (H) & Chartered Accountants   |
| Experience  | Mr. Rajesh Kumar Jain, Director of the Company retires by rotation and being eligible offer himself for reappointment at the forthcoming Annual General Meeting. Mr. Rajesh Kumar Jain is a Commerce Graduate and a Qualified Chartered Accountant. He possesses rich experience of over 12 years in the field of Accounts, Finance, Taxation, Company Affairs and Legal & Compliances etc. |
| Directorship in other Companies   | Gallantt Metal Limited  |
| Membership/Chairmanship of Committees of the other public companies on which he is a Director | Gallantt Metal Limited  |
| No. of Shares held in the Company   | Nil   |



## Report on Corporate Governance *(Contd.)*

Details of Mr. Chandra Prakash Agarwal are as under :

|   |   |
|---|---|
| Name of the Director  | Mr. Chandra Prakash Agarwal   |
| Date of Birth   | 25.11.1955  |
| Date of Appointment   | 01.08.2006  |
| Qualifications  | B.Com(H) from Gorakhpur University  |
| Experience  | He is the Promoter of the Company and has an overall experience of 26 years including 15 years of experience in the steel industry. He was associated with M/s. Govind Mills Limited, M/s. Gallantt Udyog Limited, a company having induction furnace, rolling mill for rolling steel products as also flour mills. He is Chairman and Managing Director of Gallantt Metal Limited (GML) heading the General Administration & Finance of GML. |
| Directorship in other Companies   | Gallantt Metal Limited  |
| Membership/Chairmanship of Committees of the other public companies on which he is a Director | NIL   |
| No. of Shares held in the Company   | 31,12,000   |

Details of Mr. Prem Prakash Agarwal are as under :

|   |  |
|---|--|
| Name of the Director  | Mr. Prem Prakash Agarwal   |
| Date of Birth   | 17.04.1966   |
| Date of Appointment   | 11.02.2005 (Since Incorporation)   |
| Qualifications  | B.Com(H) from Gorakhpur University   |
| Experience  | He is Promoter of the Company has an overall experience of 22 years. He was closely associated with Govind Mills Limited and Gallantt Udyog Limited. Over the period he has understood the business techniques in the field of Production, Marketing, Accounts, Finance etc. |
| Directorship in other Companies   | NIL  |
| Membership/Chairmanship of Committees of the other public companies on which he is a Director | NIL  |
| No. of Shares held in the Company   | 33,333   |

### CODE OF CONDUCT :

Code of Conduct for the Directors and Senior Management of the Company was adopted by the Board in its meeting. This Code has been laid down with a view to promote good corporate governance and exemplary personal conduct and is applicable to all the Directors and Senior Managerial Personnel of the Company. This Code forms an integral part of the Company's Governance Policy. The Code has been posted on the web site of the Company . Declaration of compliance of the Code of Conduct in terms of sub clause (ii) of clause 49(I)(D) of listing agreement is given hereunder:

"The Board of Directors of Gallantt Ispat Limited has pursuant to sub clause (i) of Clause 49 (I) D of the Listing Agreement laid down Code of Conduct for all Board members and senior managerial personnel of the Company which has also been posted on the website of the Company, viz. [www.gallantt.com](http://www.gallantt.com)

## Report on Corporate Governance *(Contd.)*

In terms of sub-clause (ii) of the said clause and as per 'affirmation of compliance' letters received from the Directors and the members of senior managerial personnel of the Company, I hereby declare that Directors and the members of senior management of the Company have complied with the Code of Conduct during the financial year 2012-13".

**Chandra Prakash Agarwal**  
Chairman & Managing Director

**Mayank Agrawal**  
CEO

### 2. COMMITTEES OF THE BOARD

#### Audit Committee

The Audit Committee was formed in accordance with the requirements of Section 292A of the Companies Act, 1956 and the terms of reference are in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The Audit Committee is vested with role and powers as mentioned in para C & D respectively of Clause 49(II) of the Listing Agreement. All the Members of the Committee are Independent Directors and every Member has rich experience in the financial sector. The Company Secretary acts as Secretary to the Committee. Statutory Auditors, Internal Auditors, Cost Auditors and Senior Management Personnel of the Company can also attend the meetings by invitation. The recommendations of the Audit Committee are placed before the Board for its consideration and approval.

During the year ended 31st March, 2013, the Audit Committee comprised of Mr. Piyush Kankrania, an Independent Director, as the Chairman, Mr. Jyotirindra Nath Dey and Mr. Rajesh Kumar Jain all independent Directors as Members. Mr. Nitesh Kumar, Company Secretary acts as the Secretary to the Committee.

A total of six Audit Committee Meetings were held in the financial year 2012-13. The meetings were held on 14.05.2012, 29.06.2012, 13.08.2012, 17.10.2012, 14.02.2013 and 30.03.2013.

Mr. Piyush Kankrania, Chairman of the Audit Committee attended the last Annual General Meeting held on 25th September, 2012.

The composition of the Committee and details of attendance at the Meetings are as follows :

| Names            | Designation | Category    | Committee Meeting Attended |
|------------------|-------------|-------------|----------------------------|
| Mr. P. Kankrania | Chairman    | Independent | 6                          |
| Mr. J. N. Dey    | Member      | Independent | 6                          |
| Mr. R. K. Jain   | Member      | Independent | 6                          |

#### Remuneration Committee

During the year ended 31st March, 2013, the Remuneration Committee comprised of Mr. Jyotirindra Nath Dey, an Independent Director, as the Chairman and Mr. Piyush Kankrania and Mr. Rajesh Kumar Jain all independent Directors as Members. Mr. Nitesh Kumar, Company Secretary acts as the Secretary to the Committee.

The Remuneration Committee was constituted to discharge the Board's responsibilities relating to compensation of the Company's executive directors and senior management.

A total of two Remuneration Committee Meetings were held in the financial year 2012-13. The meetings were held on 02.04.2012 and 13.08.2012.

The composition of the Committee and details of attendance at the Meetings are as follows :

| Names            | Designation | Category    | Committee Meeting Attended |
|------------------|-------------|-------------|----------------------------|
| Mr. J. N. Dey    | Chairman    | Independent | 2                          |
| Mr. P. Kankrania | Member      | Independent | 2                          |
| Mr. R. K. Jain   | Member      | Independent | 2                          |

# Report on Corporate Governance *(Contd.)*

## Remuneration of Directors

### (a) Executive Directors (Managing / Whole-time Directors)

The aggregate value of salary and perquisites paid for the year ended 31st March, 2013 to Managing/Whole-time Directors are as follows :

| Name                        | Designation         | Aggregate Value of Salary & Perquisites (₹) |
|-----------------------------|---------------------|---|
| Mr. Chandra Prakash Agrawal | Managing Director   | 7,20,000                                    |
| Mr. Prem Prakash Agarwal    | Whole-time Director | 7,20,000                                    |
| Mr. Nitin M Kandoi          | Whole-time Director | 7,20,000                                    |

The Remuneration to the Executive Directors is determined by the Remuneration Committee within the statutory limit subject to the approval of shareholders of the Company. As per the agreement entered into with the Executive Directors there is no provision for severance fees to the Directors on termination of the employment. Further, the Company has not yet introduced any stock option to its Directors/Employees. The Executive Directors is under a contract period of 5 years.

### (b) Non-Executive Directors

Except sitting fees, the Company is not paying any remuneration to the Non-Executive Directors.

The Company has not paid any remuneration to Non-executive Directors other than sitting fees for attending the meetings of the Board and Committees of the Board of Directors of the Company. The Company has paid sitting fees of ₹ 500 to its Non-executive Directors for attending the meeting of the Board of Directors or Committees of the Board.

## Share Transfer & Shareholders/Investors Grievance Committee

During the year ended 31st March, 2013, the Share Transfer & Shareholders/Investors Grievance Committee comprised of Mr. Rajesh Kumar Jain, an Independent Director, as the Chairman and Mr. Piyush Kankrania and Mr. Jyotirindra Nath Dey all independent Directors as Members. Mr. Nitesh Kumar, Company Secretary acts as the Secretary to the Committee and also as the Compliance Officer.

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also looks into redressal of shareholders'/investors' complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

A status report of shareholder complaints and redressal thereof is prepared and placed before the Share Transfer & Shareholders/Investors Grievance Committee. The shareholders/investors can register shares related complaints, if any, in the e-mail Id nitesh@gallantt.com designated exclusively for the purpose.

During the year 2012-13, two meetings of the Share Transfer & Shareholders/Investors Grievance Committee were held on 10.09.2012 and 25.03.2013.

The constitution of the committee and the attendance of each member of the committee are given below :

| Names            | Designation | Category    | Committee Meeting Attended |
|------------------|-------------|-------------|----------------------------|
| Mr. R. K. Jain   | Chairman    | Independent | 2                          |
| Mr. P. Kankrania | Member      | Independent | 2                          |
| Mr. J. N. Dey    | Member      | Independent | 2                          |

During the year Company has received two complaints which were successfully redressed.

As required under Clause 47(c) of the listing agreements entered into by Gallantt Ispat with stock exchanges, a certificate is obtained every six months from a practising Company Secretary that all transfers have been completed within the stipulated time. The certificates are forwarded to BSE and NSE.

In terms of SEBI's circular no. D&CC/FITC/CIR-16 dated December 31, 2002, as amended vide circular no. CIR/MRD/DP/30/2010 dated September 6, 2010 an audit is conducted on a quarterly basis by a practicing Company Secretary, for the purpose of, inter alia, reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total

## Report on Corporate Governance *(Contd.)*

issued/paid up equity share capital of Gallantt Ispat. Certificates issued in this regard are forwarded to BSE and NSE, where the equity shares of Company are listed as well as to the two Depositories viz, NSDL and CDSL.

### 3. SUBSIDIARY COMPANY

Company has no subsidiary Company(s).

### 4. DISCLOSURE

- There were no materially significant related party transactions i. e. transactions of the Company of material nature, which its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. The related party transactions are duly disclosed in the "Notes on Accounts" to the Balance Sheet.
- There were no cases of non-compliance by the Company and no penalties/strictures imposed on the Company by any statutory authority on any matter.

#### General Body Meetings

Location and time of last 3 Annual General Meetings are as under :

| Year | Venue   | Date       | Time       |
|------|---|------------|------------|
| 2012 | Rabindra Okakura Bhavan, DD-27/A/1, Sector - 1, DD Block, Salt Lake City, Kolkata - 700 091 | 25.09.2012 | 11.30 A.M. |
| 2011 | Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017            | 28.09.2011 | 2.00 P.M.  |
| 2010 | 11, Crooked Lane, Second Floor, Kolkata - 700 069   | 06.09.2010 | 10.00 A.M. |

Special Resolutions passed in the previous three Annual general Meetings are as follows :

| AGM  | AGM Date   | Special Resolution passed through show of hands                                 |
|------|------------|---|
| 2012 | 25.09.2012 | Alteration of Articles of Association for insertion of new Articles 106A & 191A |
| 2011 | 28.09.2011 | No Special Resolution was passed  |
| 2010 | 06.09.2010 | No Special Resolution was passed  |

#### Extraordinary General Meeting

An Extraordinary General Meeting of the members was held on November 05, 2011 and the following Special Resolutions were passed :

| EGM  | EGM Date   | Special Resolution passed through show of hands                              |
|------|------------|--|
| 2011 | 05.11.2011 | 1. Preferential Issue of Zero Coupon Fully Convertible Unsecured Debentures. |

#### Details of Resolutions passed through Postal Ballot

No resolution has been passed by the Company through postal ballot during the year under report.

#### Court Convened Meeting of Shareholders

No Court Convened Meeting of Shareholders of the Company was held during the year under report.

#### Compliance Certificate

Compliance Certificate for Corporate Governance from the Auditors of the Company is annexed herewith.

#### Means of Communication

In accordance with Clause 54 of the Listing Agreement, the Company has maintained a functional website at [www.gallantt.com](http://www.gallantt.com) containing basic information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc. The contents of the said website are updated from time to time.

## Report on Corporate Governance *(Contd.)*

Information like quarterly / half yearly / annual financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board to enable them to put them on their websites and communicate to their members. The quarterly / half-yearly / annual financial results are also published in the prescribed format within 48 hours of the conclusion of the meetings of the Board in which they are considered and approved, in one English newspaper circulating in the whole or substantially the whole of India and in one vernacular newspaper of West Bengal. These results are simultaneously posted on the website of the Company at [www.gallantt.com](http://www.gallantt.com).

Shareholding Pattern and Corporate Governance Report are also filed electronically on NEAPS. NEAPS stands for NSE Electronic Application Processing System. NEAPS is a web based application designed by NSE for Corporates.

### Management Discussion & Analysis Report

The Management Discussion and Analysis Report forms part of the Annual Report.

### Compliance Officer

The Board has designated Mr. Nitesh Kumar, Company Secretary as the Compliance Officer.

Address : 1, Crooked Lane, Second Floor, Room Nos. 222 & 223, Kolkata - 700 069.

Tel : +91-33-40642189, Telefax : +91-33-22312429.

### General Shareholder Information

|                                       |   |
|---------------------------------------|---|
| 1. Date, Time and Venue of 9th AGM    | Thursday, 19th September, 2013 at 11.30 A.M. at RABINDRA OKAKURA BHAVAN, DD-27/A/1, Sector - 1, DD Block, Salt Lake City - Kolkata - 700 091  |
| 2. Financial Calendar                 | 1st April to 31st March   |
| 3. Dates of book closure              | 13th September, 2013 to 19th September, 2013  |
| 4. Listing on stock exchanges         | BSE Limited (BSE)<br>National Stock Exchange of India Ltd. (NSE)  |
| 5. Listing fees for 2013-14           | Paid for both the Stock Exchanges   |
| 6. Electronic Connectivity            | National Securities Depository Ltd. (NSDL) &<br>Central Depository Services (India) Ltd.  |
| 7. Registered Office                  | 1, Crooked Lane, Second Floor, Kolkata - 700 069.<br>Tel : +91-33-40642189, Fax : +91-33-22312429<br>Website : <a href="http://gallantt.com">gallantt.com</a> • E-mail: <a href="mailto:nitesh@gallantt.com">nitesh@gallantt.com</a>  |
| 8. Works                              | Plot No. AL-5, Sector - 23, Gorakhpur Industrial Development Authority (GIDA), Sahjanwa, Gorakhpur, U.P. - 273209<br>Tele:+91-551-2700302, Fax: +91-551-2700320   |
| 9. Registrar and Share transfer agent | Share transfers in physical form and other communication regarding share Transfer, certificates, dividends, change of address, etc. may be addressed to :<br><br>NICHE TECHNOLOGIES PVT. LTD.<br>D-511, Bagree Market, 71, B.R.B. Basu Road, Kolkata- 700 001<br>Phone Nos. : +91-33-22156823<br>Fax No. : +91-33-22156823<br>Contact Person : Mr. S. Abbas<br>E-mail: <a href="mailto:nichetechpl@nichetechpl.com">nichetechpl@nichetechpl.com</a><br>Website : <a href="http://www.nichetechpl.com">www.nichetechpl.com</a> |
| 10. Dividend                          | A dividend of ₹ 0.50 per equity share will be credited / dispatched on or after 24th September, 2013 subject to approval by the shareholders at the Annual General Meeting to be held on 19th September, 2013.  |



## Report on Corporate Governance *(Contd.)*

### 11. Stock Market Data

Monthly high and low quotations of shares traded on Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited for the Year 2012-13.

(Amount in ₹)

| Year 2012-13 | BSE   |       | NSE   |       |
|--------------|-------|-------|-------|-------|
| Month        | High  | Low   | High  | Low   |
| April        | 47.50 | 41.75 | 44.00 | 41.55 |
| May          | 44.00 | 41.00 | 44.15 | 40.90 |
| June         | 46.20 | 42.00 | 45.15 | 41.25 |
| July         | 47.45 | 42.10 | 47.45 | 42.50 |
| August       | 44.20 | 41.40 | 43.05 | 40.45 |
| September    | 51.70 | 43.00 | 51.95 | 41.20 |
| October      | 66.25 | 48.25 | 67.00 | 49.15 |
| November     | 66.90 | 57.65 | 65.95 | 57.60 |
| December     | 74.70 | 60.00 | 72.00 | 59.30 |
| January      | 73.00 | 66.15 | 73.50 | 65.55 |
| February     | 77.40 | 70.50 | 78.00 | 69.45 |
| March        | 80.80 | 60.00 | 80.75 | 61.20 |

### Share Transfer System

Shares sent for transfer in physical form are normally registered by our Registrar and Share Transfer Agents within 15 days of receipt of the documents, if documents are found in order. Share under objection are returned within two weeks.

### Dematerialisation of Shares and Liquidity

The Shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both NSDL and CDSL 100.00% of Equity Shares have been dematerialized as on 31st March, 2013.

### Stock Code

Bombay Stock Exchange Limited

533265

National Stock Exchange of India Limited

GALLISPAT

### Distribution of Shareholding

The distribution of shareholding as on 31st March, 2013 was as follows :

| No. of Shares held | Shareholders |               | Shares             |               |
|--------------------|--------------|---------------|--------------------|---------------|
|                    | Number       | % to total    | Number             | % to total    |
| Upto 500           | 1,168        | 89.23         | 1,20,086           | 0.45          |
| 501-1,000          | 42           | 3.21          | 33,372             | 0.12          |
| 1,001-5,000        | 49           | 3.74          | 1,09,270           | 0.41          |
| 5,001-10,000       | 8            | 0.61          | 63,908             | 0.24          |
| 10,001-50,000      | 11           | 0.84          | 2,61,788           | 0.98          |
| 50,001-1,00,000    | 13           | 0.99          | 9,62,398           | 3.60          |
| 1,00,001 and Above | 18           | 1.38          | 2,52,15,683        | 94.21         |
| <b>TOTAL</b>       | <b>1,309</b> | <b>100.00</b> | <b>2,67,66,505</b> | <b>100.00</b> |

## Report on Corporate Governance *(Contd.)*

Categories of shareholding as on 31st March, 2013

| Category (as Gallantt Ispat reports to stock exchanges) | Shares Holdings    | % of Total   |
|---|--------------------|--------------|
| <b>PROMOTERS' HOLDING :</b>                             |                    |              |
| Promoters   | 1,87,18,131        | 69.93        |
| <b>Total Promoters' Holding</b>                         | <b>1,87,18,131</b> | <b>69.93</b> |
| <b>PUBLIC SHAREHOLDING :</b>                            |                    |              |
| <b>Institutional Investors</b>                          |                    |              |
| Financial Institution Investor                          | 13,25,145          | 4.95         |
| <b>Others</b>   |                    |              |
| Bodies Corporate  | 28,47,707          | 10.639       |
| Individuals   | 25,41,444          | 9.495        |
| NRI/OCBs  | 13,13,143          | 4.906        |
| Clearing Memb/Clearing Cor (Demat shares in transit)    | 20,935             | 0.078        |
| <b>Total Public Shareholding</b>                        | <b>80,48,374</b>   | <b>30.07</b> |
| <b>GRAND TOTAL</b>                                      | <b>2,67,66,505</b> | <b>100</b>   |

### Allotment of 25,00,000 Equity Shares Pursuant to Conversion of Zero Coupon Fully Convertible Unsecured Debentures

Board of Directors of the Company at its meeting held on 25th day of May, 2013 has converted 25,00,000 Zero Coupon Fully Convertible Unsecured Debentures (hereinafter referred to as the "FCDs") into 25,00,000 Equity Shares of Rs. 10/- each fully paid up in compliance with Section 81(1A) of the Companies Act, 1956, SEBI (ICDR) Regulations, 2009 and all other applicable laws and regulations. New shares allotted shall rank pari passu with the existing share capital of the Company. Equity Shares so allotted have been listed with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

### Green Initiative

The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17/11 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011, has allowed companies to send Annual Report comprising of Balance Sheet, Statement of Profit & Loss, Directors' Report, Auditors' Report etc. through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.

Members who hold shares in physical form and desire to receive documents in electronic mode are requested to provide their details (name, folio no. E-mail id) on the Company's e-mail address viz. nitesh@gallantt.com. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

### Covering letter of annual audit report to be filed with stock exchanges

In terms of Clause 31(a) of the Listing Agreement, the covering letter of the annual audit report to be filed with the stock exchanges (Form A) duly signed by the Managing Director, Manager Accounts & Finance, Auditors of the company and Chairman of the Audit Committee would be filed with the stock exchanges along with the copies of the Annual Reports.

**Corporate Identity Number (CIN) : L27109WB2005PLC101650**

## Report on Corporate Governance *(Contd.)*

### Investor's Correspondence

For investor matters:

Nitesh Kumar

Company Secretary and Compliance Officer

Secretarial Department

Gallantt Ispat Limited

1, Crooked Lane, Second Floor,

Room Nos. 222 & 223, Kolkata-700 069 (W.B.)

Tel : +91-33-40642189

Telefax : +91-33-22312429

### ADOPTION OF NON-MANDATORY REQUIREMENTS

Except constitution of Remuneration Committee, the Company has so far not implemented other Non-Mandatory requirements of the Code of Corporate Governance.

## AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by Gallantt Ispat Limited for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company had complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that there are no investor grievances pending against the Company for the period exceeding one month as at 31st March, 2013 as per the records maintained by the Registrar and Transfer Agent of the Company and presented to the Investors Grievance Committee.

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

For **Anoop Agarwal & Co.**  
Chartered Accountants

**H. C. Pant**  
Partner

Membership No. 017694

Place: Kolkata

Date : August 12, 2013

## CEO/CFO CERTIFICATION

The Board of Director  
Gallantt Ispat Limited  
1, Crooked Lane, Second Floor,  
Room Nos. 222 & 223, Kolkata - 700 069.

Re: Financial Statements for the Financial year 2012-13 - Certificate by CEO and Manager Accounts & Finance

We, Mayank Agrawal, CEO and Mr. Nitesh Kumar, Manager Accounts & Finance and Company Secretary, of Gallantt Ispat Limited on the review of financial statements and cash flow statement for the year ended 31st March, 2013 and to the best of my knowledge and belief, hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2013 which are fraudulent illegal or violative of Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls, for financial reporting, we have evaluated the effectiveness of the internal control systems of the company pertaining the financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or purpose to take rectify these deficiencies.
5. We have indicated to the Auditors & the Audit Committee:
  - (i) there have been no significant changes in internal control over financial reporting during the period.
  - (ii) there have been no significant changes in accounting policies during the period.
  - (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Kolkata  
August 12, 2013

**Nitesh Kumar**  
Manager Accounts & Finance  
and Company Secretary

**Mayank Agrawal**  
Chief Executive Officer

# Management Discussion and Analysis Report

(forming part of the Report of the Directors for the year ended 31st March, 2013)

## BUSINESS ENVIRONMENT

Uncertainty in the global economic environment, driven by the European sovereign and debt crisis, and significant regulatory upheavals in the banking industry have affected the business environment. Though the corporate segment (manufacturing and non-financial services) turned in improved performance across the globe, this was largely driven by the proactive cost-cutting and cash conservation initiatives, and postponement of decisions on projects. The global economy in FY 2012-13 improved slowly and did not recover to the extent anticipated in the beginning of the year. World economies experienced recession due to high unemployment, banking fragility, fiscal tightening and sluggish growth.

It continues to be a difficult period for Indian economy. GDP has become lower at around 5% while inflation remains high. Foreign exchange fluctuations have also added to the concerns and estimates had to be revised. The index of industrial production of manufacturing sector continued to highlight the weak trend in economic activity. The burnt of economic slowdown affected most of the industries, including the steel industries. The overall industrial production scenario in the country is less encouraging as compared to last year. The steel industries impacted with shortage of iron ore and other raw materials Competition activities have increased due to reduced demand.

## INDUSTRY OVERVIEW

### Steel Industry

Indian steel section in 2012-13 witnessed a series of ups and downs. Issues ranging from rising inflation to depreciating Rupee to the Coal scam commonly known as Coalgate occupied the center stage in 2012-13. In 2012-13, the industry was faced with stiff challenges due to rising inflationary pressures and deteriorating global growth conditions. The multiple hikes in interest rates by the central bank also impacted the industry's growth in rate sensitive key user industries. However, amid the entire furor, India retained its position as the 4th largest producer of crude steel in the world and recorded the highest growth of 4.2 per cent among major producing nations in 2012. The aftermath of 2012 has made it clear that though India is not entirely immune to the global slowdown, it is better off than its peers at the global stage.

### Agro Industry (Wheat Products)

Your Company's current portfolios for wheat products include wheat flour products like atta, maida, suji and bran. Products are being sold to markets like Uttar Pradesh, Bihar, West Bengal etc.

The healthy growth of the economy is resulting in rising income levels of the population, increasing urbanization and a larger number of working couples. All these factors create the

potential for the healthy growth and development of the food industry.

## OPPORTUNITIES AND THREATS

### Opportunities for our Steel Division

Increase in the demand of steel in India is expected to be 14% against the global average of 5-6% due to its strong domestic economy, massive infrastructure needs and expansion of industrial production. Demand of steel in the major industries like infrastructure, construction, housing, automotive, steel tubes and pipes, consumer durables, packaging and ground transportation is a pointer of immense growth potential in Indian Steel Sector. Infrastructure projects will give boost to the demand in the steel sector in near future.

### Opportunities for our Agro Division

There is substantial gap between the supply and demand of Agro products like, Flour, Maida, Suji, Bran etc. manufactured by the Company in Uttar Pradesh and neighbor states. Hence, Company has good opportunities to supply the required quantity of wheat products and to bridge the gap between demand and supply. Being the first unit of such large scale with modern and state of the art technologies, opportunities for exploring market within and outside the region in this segment is expected. Further, management of the Company has experience over two decades in the Agro Segment and has developed a good network of products supply chain.

### 1. Our Strengths

We believe our competitive strengths include proven leadership commitment to quality products and process execution, strong brand and long-standing customer relationships, status as an employer of choice, ability to scale, innovate and lead makes us a competitive player.

### 2. Our Vision and Strategy

We seek to further strengthen our position as a leading steel and agro products maker of Uttar Pradesh, Bihar and Jharkhand and to expand the market in the entire eastern and northern part of the Country in short a span. To achieve these goals we are strengthening our strategic partnership with our customers and increasing our relevance to customers.

## THREATS & RISKS

High input cost i.e. expensive iron ore, coal and coke would have a major impact on the margins of Steel Industry in the coming years. The units having forward integration for steel making might survive through this rough phase, but stand alone units are expected to have a difficult time. Plants with their own mines either coal or iron ore going to sustain and perform better. As per the CII report, steel -making will not remain viable without access to iron ore at below market prices as infrastructure, energy, freight, labour and other costs are already above global average. However, this view is being challenged by other steel steel makers who run viable



## Management Discussion and Analysis Report *(Contd.)*

operations despite purchasing iron ore from NMDC etc. at market prices. The industry must come forward and put forward to the Government for a fair price mechanism of raw materials such as iron ore and coal. If global economic conditions remain unchanged, Indian steel industries may have a tough time ahead, as demand and prices of steel products might be under pressure.

The year ahead appears challenging with the volatility in the market, increased and new competition, fluctuating foreign exchange, rising interest rates, inflation, rising crude oil prices, and natural disasters. A key challenge of the Company is to ensure that its plants are equipped with updated technologies in order to serve clients, secure cost competitiveness and maintain leadership in the region.

### OUTLOOK

Everyone is pinning hopes for revival in 2013-14 months passed so far has proved to be better for Indian Steel sector with improved prices and demand. At Gallantt Ispat, we have a multi-horizon strategy planning process, and we revalidate on an annual basis, the strategic themes and the business objectives for the company. The corporate performance is measured, monitored and managed on an on-going basis. During the year, the Company has taken multiple steps and initiatives focussing on increasing efficiency of supply chain and distribution of products, increased investments in technology, customer engagements etc. The management is cautiously optimistic towards the external economic environment and expects consumer demand to become more consistent and robust in the forthcoming financial year.

An increase in the pace of urbanisation, rising disposable income, and greater customer sensitivity to the quality of products being consumed is spurring the demand for high quality residential housing in India which, in turn, will increase the demand of steel.

### FINANCIAL PERFORMANCE AND FINANCIAL MANAGEMENT

Company has achieved revenue from operations of Rs. 41099.81 Lacs, Net Profit of Rs. 1172.82 Lacs and Earnings per Share (EPS) of Rs. 4.38 for the Financial Year ended March 31, 2013. The increase in turnover for the Financial Year 2012-13 by over 53% to Rs.41099.81 Lacs from Rs. 26796.11 Lacs in the previous year essentially due to exploring the new market and wide acceptance of product of the Company.

Your Company has maintained its profitable growth and the Management believes that this is sustainable, barring unforeseen circumstances. The Board of Directors has recommended a dividend @ 50 paise per share (i.e., 5%) on

equity shares for the year ended March 31, 2013, subject to approval of the shareholders at the ensuing Annual General Meeting.

Company had arranged Rs. 40.00 Crore from Preferential Allotment of 25,00,000 Zero Coupon Fully Convertible Unsecured Debentures (the "FCDs"). As per the terms of issue of FCDs, 25,00,000 Equity Shares have been allotted on conversion of FCDs into Equity Shares. Borrowing from Commercial Banks and other lenders is integral to running the business. The Company has been availing various types of financial facilities from Commercial Banks and other lenders for meeting fund requirements for implementing the projects and working capital.

### INTERNAL CONTROLS AND SYSTEMS

Gallantt Ispat Limited has an adequate and well-established internal control system, which is commensurate with the size and nature of its business and complexity of its operations. The Internal Audit is carried out on a quarterly basis to examine the adequacy and compliance with policies, plans and statutory requirements and corrective actions are taken where shortcomings are identified. The management duly considers and takes appropriate action on the recommendations made by the Internal Auditors. The Internal Auditors submit their quarterly reports to the Audit Committee and the Board of Directors. All the fixed assets of the company are physically examined and recorded at regular intervals.

During the year, the Audit Committee met regularly to review the reports submitted by the Audit Division. All significant audit observations and follow-up actions thereon were reported to the Audit Committee.

### STATUTORY COMPLIANCE

The Company Secretary, as Compliance Officer, ensures compliance of the SEBI regulations, provisions of the Listing Agreement with Stock Exchanges, Companies Act and other applicable laws and regulations.

### CAUTIONARY STATEMENT-A DISCLAIMER

Statements made in this report describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

For and on behalf of the Board

Place : Kolkata

Date : August 12, 2013

**C.P. Agarwal**  
Chairman

# Independent Auditor's Report to the Shareholders

## Report on the financial statements

1. We have audited the accompanying financial statements of GALLANTT ISPAT LIMITED ('The Company') which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: Subject to Note no. 21 & 21.1 regarding Other Income for Relinquishing of Rights on Land. and Note no. 43 regarding recognition of freight subsidy of ₹ 3101.11 Lacs which is subject to decision of H'ble High Court and in case decision comes against the Company the profit of the company will be reduced by ₹ 3101.11 Lacs
  - i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013.
  - ii) In the case of Statement of Profit & Loss of, the Profit of the Company for the year ended on that date.
  - iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

## Report on other legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :

## Independent Auditor's Report to the Shareholders *(Contd.)*

- 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Anoop Agarwal & Co.**  
*Chartered Accountants*  
(Registration No. 01739C)

**(H.C.Pant)**  
*Partner*

Membership No. 17694

Place : Kolkata  
Dated : May 25, 2013

## Annexure to the Independent Auditor's Report

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements"

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.  
(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.  
(b) According to the information and explanations given to us and on the basis of our examination of the books of account, The Company had taken loan from other company covered in the register maintained under section 301 of the Companies Act, 1956. The number of such parties is two and the maximum amount involved during the year was Rs.6206.83 Lacs and year end balance is Rs 3763.58.  
(c) The company is regular in repaying the principal amount and interest as stipulated and no amount is overdue.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. According to the information and explanation provided by the management, the transactions that need to be entered into the register maintained U/S 301 of the Companies Act, 1956 have been so entered. The transaction exceeding the value of rupees five lakhs in respect of each party have been entered during the year, whose market price at the relevant time of the transaction is not available before us to enable us to comment on the reasonability of the market prices at the relevant time.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956. Therefore, the provisions of Clause (vi) of Paragraph 4 of the Order are not applicable to the Company.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determine whether they are accurate and complete.

## Annexure to the Independent Auditor's Report *(Contd.)*

9. (a) In our opinion and according to the information and explanations given to us, Company is generally been regular in depositing with appropriate authorities undisputed statutory dues, as required under this clause and applicable to the Company during the year.
- (b) According to the information and explanations given to us, there is no undisputed amount payable in respect of statutory dues, outstanding for more than six months from the date they become payable as on 31st March, 2013.
- (c) Details of dues of Value Added Tax which have not been deposited as on 31st March 2013 on account of disputes are given below :

| Statute          | Nature of dues | Forum where dispute is Pending | Period to which the amount relates | Amount involved (₹ in Lacs) |
|------------------|----------------|--------------------------------|------------------------------------|-----------------------------|
| UP VAT Act, 2008 | VAT            | Government of Uttar Pradesh    | August 2011 to March 2012          | 2343.14                     |

10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans were applied for the purpose for which these were obtained.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has has not made any allotment of debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For **Anoop Agarwal & Co.**  
*Chartered Accountants*  
 (Registration No. 01739C)  
**(H.C.Pant)**  
*Partner*  
 Membership No. 17694

Place : Kolkata  
 Dated : May 25, 2013



# Balance Sheet as at 31st March, 2013

(₹ in Lacs)

| Particulars                              | Note No. | As at<br>31st March, 2013 | As at<br>31st March, 2012 |
|--|----------|---------------------------|---------------------------|
| <b>A EQUITY AND LIABILITIES</b>          |          |                           |                           |
| <b>1 SHAREHOLDER'S FUNDS</b>             |          |                           |                           |
| Share Capital                            | 2        | 2,676.65                  | 2,676.65                  |
| Reserve & Surplus                        | 3        | 16,415.85                 | 15,413.11                 |
| <b>SUB TOTAL</b>                         |          | <b>19,092.50</b>          | <b>18,089.76</b>          |
| <b>2 NON CURRENT LIABILITIES</b>         |          |                           |                           |
| Long Term Borrowings                     | 4        | 5,309.50                  | 8,438.50                  |
| Deferred Tax Liability                   | 5        | 1,698.16                  | 1,355.61                  |
| Other Long Term Borrowings               | 6        | 3,915.52                  | 953.96                    |
| <b>SUB TOTAL</b>                         |          | <b>10,923.18</b>          | <b>10,748.07</b>          |
| <b>3 CURRENT LIABILITIES</b>             |          |                           |                           |
| Short Term Borrowings                    | 7        | 8,781.23                  | 4,669.31                  |
| Trade Payables                           | 8        | 255.84                    | 877.55                    |
| Other Current Liabilities                | 9        | 5,073.13                  | 5,277.70                  |
| Short Term Provisions                    | 10       | 170.07                    | 155.54                    |
| <b>SUB TOTAL</b>                         |          | <b>14,280.28</b>          | <b>10,980.10</b>          |
| <b>TOTAL</b>                             |          | <b>44,295.96</b>          | <b>39,817.93</b>          |
| <b>B ASSETS</b>                          |          |                           |                           |
| <b>1 NON CURRENT ASSETS</b>              |          |                           |                           |
| <b>FIXED ASSETS</b>                      |          |                           |                           |
| Tangible Assets                          | 11       | 27,304.91                 | 26,703.89                 |
| Intangible Assets                        | 12       | 3.97                      | 5.16                      |
| Capital Work in Progress                 |          | 34.89                     | 1,615.16                  |
| Non Current Investments                  | 13       | 51.45                     | 51.45                     |
| Long Term Loans and Advances             | 14       | 24.15                     | 46.93                     |
| <b>SUB TOTAL</b>                         |          | <b>27,419.37</b>          | <b>28,422.59</b>          |
| <b>2 CURRENT ASSETS</b>                  |          |                           |                           |
| Inventories                              | 15       | 3,623.79                  | 4,519.68                  |
| Trade Receivables                        | 16       | 3,836.88                  | 1,643.73                  |
| Cash and Cash Equivalents                | 17       | 253.40                    | 151.35                    |
| Short Term Loans and Advances            | 18       | 8,442.72                  | 4,640.82                  |
| Other Current Assets                     | 19       | 719.80                    | 439.77                    |
| <b>SUB TOTAL</b>                         |          | <b>16,876.59</b>          | <b>11,395.34</b>          |
| <b>TOTAL</b>                             |          | <b>44,295.96</b>          | <b>39,817.93</b>          |
| Note forming part of Financial Statement | 1 to 50  |                           |                           |

As per our report of even date

For **Anoop Agarwal & Co.**  
Chartered Accountants  
(Registration No. 01739C)

**H. C. Pant**  
Partner  
Membership No. : 17694  
Place : Kolkata  
Dated : 25th May, 2013

**C. P. Agarwal**

Chairman &amp; Managing Director

**P. P. Agarwal**

Whole time Director

**Nitin M Kandoi**

Whole time Director

**Nitesh Kumar**

Company Secretary

# Statement of Profit and Loss for the year ended 31st March, 2013

(₹ in Lacs)

| Particulars  | Note No. | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|--|----------|--|--|
| <b>A. REVENUE</b>  |          |  |  |
| Revenue from Operations  | 20       | 41,099.81                              | 26,796.11                              |
| Other Income   | 21       | 2,259.41                               | 1,798.74                               |
| <b>TOTAL (A)</b>   |          | <b>43,359.22</b>                       | <b>28,594.85</b>                       |
| <b>B. EXPENSES</b>   |          |  |  |
| Changes in Inventories of Finished Goods                                 | 22       | 519.95                                 | (1,208.99)                             |
| Cost of Materials consumed   | 23       | 34,878.31                              | 22,469.29                              |
| Employee Benefit Expenses  | 24       | 216.12                                 | 174.79                                 |
| Financial Costs  | 25       | 2,093.97                               | 1,732.99                               |
| Depreciation and Amortization Expenses                                   | 26       | 1,664.35                               | 1,373.93                               |
| Other Expenses   | 27       | 2,419.84                               | 3,066.70                               |
| <b>TOTAL (B)</b>   |          | <b>41,792.54</b>                       | <b>27,608.71</b>                       |
| <b>Profit before Exceptional and Extraordinary Items and Tax (A)-(B)</b> |          | <b>1,566.68</b>                        | <b>986.14</b>                          |
| Less Exceptional and Extraordinary Items (preliminary exp w.off)         |          | 27.86                                  | 27.86                                  |
| Profit Before Tax  |          | 1,538.82                               | 958.28                                 |
| Less Prior Period Exp  |          | 23.46                                  | 12.55                                  |
| Profit After Prior Period Exp  |          | 1,515.36                               | 945.73                                 |
| <b>Tax Expense</b>   |          |  |  |
| - Current Tax  |          | 307.88                                 | 191.73                                 |
| - Less : Mat Credit  |          | (307.88)                               | (191.73)                               |
| - Deferred Tax   |          | 342.54                                 | 356.80                                 |
| <b>Total Tax</b>   |          | <b>342.54</b>                          | <b>356.80</b>                          |
| <b>Profit for the year</b>   |          | <b>1,172.82</b>                        | <b>588.93</b>                          |
| <b>Earning per Equity Share</b>  |          |  |  |
| Basic (₹)  |          | 4.38                                   | 2.20                                   |
| Diluted (₹)  |          | 4.01                                   | 2.13                                   |
| Notes forming part of Financial Statement                                | 1 to 50  |  |  |

As per our report of even date

For **Anoop Agarwal & Co.**  
Chartered Accountants  
(Registration No. 01739C)

**H. C. Pant**  
Partner  
Membership No. : 17694  
Place : Kolkata  
Dated : 25th May, 2013

|                       |                              |
|-----------------------|------------------------------|
| <b>C. P. Agarwal</b>  | Chairman & Managing Director |
| <b>P. P. Agarwal</b>  | Whole time Director          |
| <b>Nitin M Kandoi</b> | Whole time Director          |
| <b>Nitesh Kumar</b>   | Company Secretary            |

# Cash Flow Statement for the year ended 31st March, 2013

(₹ in Lacs)

| Particulars   | For the year ended<br>31st March, 2013 | For the year ended<br>31st March, 2012 |
|---|--|--|
| <b>1 CASH FLOW FROM OPERATING ACTIVITIES</b>                              |  |  |
| Net Profit Before Tax   | 1,538.82                               | 958.28                                 |
| Add :   |  |  |
| Depreciation  | 1,664.36                               | 1,373.93                               |
| Interest Paid   | 2,093.97                               | 1,732.99                               |
| Misc. Expenditure Written Off during the year                             | 27.86                                  | 27.86                                  |
| Expenses relating to earlier years  | (23.46)                                | (12.55)                                |
| <b>Cash Flow from Operating Activities before Working Capital changes</b> | <b>5,301.54</b>                        | <b>4,080.52</b>                        |
| Less Dividend Paid  | 155.54                                 | 156.06                                 |
| Less Income Tax   | 300.00                                 | 150.00                                 |
| <b>Cash Flow from operating Activity</b>                                  | <b>4,846.00</b>                        | <b>3,774.46</b>                        |
| <b>Adjustments :</b>  |  |  |
| Change in Inventories   | 895.88                                 | (2,434.09)                             |
| Change in Trade receivables   | (2,193.16)                             | (291.37)                               |
| Change in Short Term Loans & Advances                                     | (3,501.90)                             | (2,194.28)                             |
| Change in Short Term Borrowings   | 4,111.92                               | 40.20                                  |
| Change in Trade Payables  | (621.70)                               | 172.07                                 |
| Change in Other Current Liabilities                                       | (204.56)                               | 2,469.49                               |
| <b>Net Cash Flow from Operating Activities</b>                            | <b>3,332.48</b>                        | <b>1,536.49</b>                        |
| <b>2 CASH FLOW FROM INVESTING ACTIVITIES</b>                              |  |  |
| Change of Tangible Assets   | (2,264.20)                             | (10,458.00)                            |
| Change in Capital WIP   | 1,580.27                               | 4,724.44                               |
| Change in Other Current Assets  | (307.88)                               | (192.73)                               |
| <b>Net Cash Used in Investing Activities</b>                              | <b>(991.81)</b>                        | <b>(5,926.29)</b>                      |
| <b>3 CASH FLOW FROM FINANCING ACTIVITIES</b>                              |  |  |
| Interest Paid   | (2,093.97)                             | (1,732.99)                             |
| Change in Long Term Loans & Advances                                      | 22.79                                  | 911.04                                 |
| Issue of Debenture  |  | 250.00                                 |
| Premium on Debenture  |  | 3,750.00                               |
| Change in Long Term Borrowing   | (3,129.00)                             | 1,056.50                               |
| Change in Other Long Term Borrowing                                       | 2,961.57                               | —                                      |
| <b>Net Cash Used in Financing Activities</b>                              | <b>(2,238.61)</b>                      | <b>4,234.55</b>                        |
| <b>NET CHANGE IN CASH &amp; CASH EQUIVALENT</b>                           | <b>102.06</b>                          | <b>(155.25)</b>                        |
| Opening Balance of Cash & Cash Equivalent                                 | 151.35                                 | 306.60                                 |
| <b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENT</b>                      | <b>253.40</b>                          | <b>151.35</b>                          |
| <b>Cash &amp; Cash Equivalent comprises of :</b>                          |  |  |
| - Cash in hand  | 167.50                                 | 96.09                                  |
| - Cheques,draft in hand   |  |  |
| <b>Balance with Banks</b>   |  |  |
| - Fixed deposits with Banks   | 49.77                                  | 49.27                                  |
| - Balance with Banks  | 36.14                                  | 5.99                                   |
| <b>Total</b>  | <b>253.40</b>                          | <b>151.35</b>                          |

As per our Report of even date

For **Anoop Agarwal & Co.**

Chartered Accountants

(Registration No. 01739C)

**H. C. Pant**

Partner

Membership No. : 17694

Place : Kolkata

Dated : 25th May, 2013

**C. P. Agarwal**

Chairman &amp; Managing Director

**P. P. Agarwal**

Whole time Director

**Nitin M Kandoi**

Whole time Director

**Nitesh Kumar**

Company Secretary

# Notes to the Financial Statements for the year ended 31st March, 2013

## 1 SIGNIFICANT ACCOUNTING POLICIES

### A Basis of Preparation of Financial Statement :

- a) The financial statements have been prepared in compliance with all material aspects of the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and relevant provision of the Companies Act, 1956 and in accordance with the generally accepted accounting principles in India.
- b) The financial statements are based on historical cost and are prepared on accrual basis

### B Revenue Recognition :

- a) Sale of goods is recognized when they are invoiced to customers and are net of excise duty, Commercial Tax (UP VAT).
- b) Insurance, duty drawback and other claims are accounted for on receipt basis or as acknowledged by the appropriate authorities.

### C Fixed Assets :

- a) Fixed Assets are stated at their original cost of acquisition/installation less accumulated depreciation and net off subsidies duties and taxes. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use.

#### b) Capital work in progress :

All expenses incurred for acquiring, erecting and commissioning of the fixed assets including interest on loan utilized for meeting capital expenditure are shown under capital work in progress. The advance given for acquiring fixed assets is also shown along with capital work in progress.

### D Depreciation :

Depreciation on fixed assets has been provided on straight line method (SLM) at the rates and manner prescribed under Schedule XIV to the Companies Act, 1956 of India. Intangible Assets are stated at cost of acquisition less accumulated amortization. Amortization is provided on the Straight Line Method @ 16.21%

### E Preliminary Expenses :

Preliminary expenses are amortized over a period of 5 years

### F Investments :

- a) Long Term Investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.
- b) Current Investments are stated at lower of cost and fair value.

### G Impairment :

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value being higher of value in use and net selling price. An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

### H Earning per share :

Basic and Diluted Earnings per shares are calculated by dividing the net profit attributable to the ordinary shares by the weighted average number of ordinary shares outstanding during the year.

## Notes to the Financial Statements *(Contd.)*

### **I Borrowing Cost :**

Borrowing Costs that are directly attributable to the acquisition or construction of Qualifying Assets are capitalized as part of cost of such assets. Other Borrowing Costs are charged as expense in the year in which these are incurred.

### **J Valuation of Inventories :**

- a) Raw materials, Stores & Spares and packing material are valued at cost. Costs of Inventories are ascertained on FIFO basis.
- b) Work-in-progress is valued at cost which includes cost of inputs and other overheads up to the stage of completion.
- c) Finished Goods are valued at lower of cost and net realizable value

### **K Excise Duty, Commercial Tax (UP VAT & CST) & Custom Duty :**

- a) "The CENVAT credit available on purchase of raw materials and other eligible inputs is adjusted against excise duty payable on clearance of goods produced. The unadjusted CENVAT credit is shown under the head "Short Term Loans and Advances".
- b) The company is eligible for automatic conversion of UP VAT & CSAT Liability for a period of 15 years into interest free loan from State Government of Uttar Pradesh, which shall be repayable after 15 years.

### **L Taxation :**

- a) Provision for current income tax is determined on the basis of the amount of tax payable on taxable Income for the year.
- b) In accordance with Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred tax liabilities and assets are recognized at substantively enacted tax rate, subject to the consideration of prudence, on timing difference, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. At each balance sheet date the Company re-assesses unrecognized deferred tax assets.

### **M Foreign Currency Transaction :**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency transaction is translated at the year end rates. Exchange differences arising on settlement / conversion of monetary items are recognized as income or expense in the year in which they arise except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

### **N Employee Benefits :**

"The company contributes to the employee's provident fund maintained under the Employees Provident Fund Scheme of the Central Government and the same is charged to the Profit & Loss Account. Provision for gratuity is made on the basis of actuarial valuation at the year end in conformity with the Accounting Standard -15."

### **O Prior Period Items :**

Prior period items, if any, are included in respective heads of accounts and material items are disclosed by way of notes on accounts.

### **P Contingent Liabilities :**

Contingent Liabilities are determined on the basis of available information and which are not provided for is disclosed by way of notes to the Accounts.



# Notes to the Financial Statements (Contd.)

(₹ in Lacs)

|  | As at<br>31st March, 2013 | As at<br>31st March, 2012 |
|--|---------------------------|---------------------------|
| <b>2 SHARE CAPITAL</b>   |                           |                           |
| <b>Authorised Share Capital</b>  |                           |                           |
| 30000000 Equity Shares of ₹ 10/- each<br>(Previous year 30000000 Equity Shares of ₹ 10/- each)                             | 3,000.00                  | 3,000.00                  |
| <b>Issued, Subscribed and Paid up</b>  |                           |                           |
| 26766505 Equity Shares of ₹ 10/- each fully paid up<br>(Previous year 26766505 Equity Shares of ₹ 10/- each fully paid up) | 2,676.65                  | 2,676.65                  |

## 2.1 Details of shareholders holding more than 5% shares

| Name of the shareholder | As at 31 March, 2013 |              | As at 31 March, 2012 |              |
|-------------------------|----------------------|--------------|----------------------|--------------|
|                         | No. of shares        | % of holding | No. of shares        | % of holding |
| Gallantt Metal Limited  | 5,501,992            | 20.56        | 5,501,992            | 20.56        |
| Gallantt Udyog Limited  | 8,545,592            | 31.93        | 8,545,592            | 31.93        |
| Chandra Prakash Agarwal | 3,112,000            | 11.63        | 3,112,000            | 11.63        |

|  | As at<br>31.03.13 | As at<br>31.03.12 |
|--|-------------------|-------------------|
| <b>2.2 The Reconciliation of the shares outstanding is set out below</b> |                   |                   |
| Equity Shares at the beginning of the year (No.)                         | 26,766,505        | 26,766,505        |
| Add : Issued during the year (No.)                                       | —                 | —                 |
| Equity Shares at the end of the year (No.)                               | 26,766,505        | 26,766,505        |

## 2.3 Disclosure regarding the Shares Issued for consideration other than cash for last five years

The Company, during the past years, undertook various Schemes including Merger of General Investment Division of Gallantt Udyog Limited and Merger of Companies with the Company. Further, the Company has concluded Bonus Issue Equity Shares. Accordingly, pursuant to the Schemes of Amalgamation and Arrangement ("the Schemes") under Sections 391 to 394 of the Companies Act, 1956 approved by the Hon'ble Calcutta High Court, the Company, during the respective years, recorded all necessary accounting effects, along with requisite disclosure in the notes to accounts, the cumulative effects of the Schemes in case of Equity Share Capital of the Company due to allotment of equity shares as fully paid up without payment being received in cash have been disclosed herein below.

| Particulars   | No. of Shares      | Date of Order of<br>H'ble Calcutta<br>High Court |
|---|--------------------|--|
| (a) Allotment of Bonus Shares   | 22,23,665          | N.A.   |
| (b) Pursuant to Demerger of General Investment<br>Division of Gallantt Udyog Limited into the Company | 1,63,49,632        | June 18, 2008                                    |
| (c) Pursuant to the Scheme of Amalgamation and Arrangement  | 4,50,000           | March 12, 2009                                   |
| <b>Total</b>  | <b>1,90,23,297</b> |  |

## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

### 2.4 Terms Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10/- share. Each holders of equity shares are entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

### 2.5 Shares reserved for issue under option :

On December 01, 2011 Company has allotted 25,00,000 Zero Coupon Fully Convertible Unsecured Debentures (the "FCDs") to the Promoter and Non-Promoters at a subscription price of ₹ 160/- each being a price higher than the price determined as per Regulation 76(1) of Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. FCDs are convertible within a period not exceeding eighteen months from the date of allotment.

|  | As at<br>31.03.2013 | As at<br>31.03.2012 |
|--|---------------------|---------------------|
| <b>3 RESERVE &amp; SURPLUS</b>                     |                     |                     |
| <b>Securities premium account</b>                  |                     |                     |
| Balance as per beginning at the year               | 11,666.42           | 7,916.42            |
| Add. : On issue of share                           | —                   | —                   |
| Add. : On issue of Debenture                       | —                   | 3,750.00            |
| Balance as per end at the year                     | 11,666.42           | 11,666.42           |
| <b>Amalgamation Reserve</b>                        |                     |                     |
| Balance as per beginning at the year               | 8.92                | 8.92                |
| Balance as per end at the year                     | 8.92                | 8.92                |
| <b>General Reserve</b>                             |                     |                     |
| Balance as per beginning at the year               | 3,606.51            | 3,606.51            |
| Balance as per end at the year                     | 3,606.51            | 3,606.51            |
| <b>Surplus in the statement of Profit and Loss</b> |                     |                     |
| Balance as per beginning at the year               | 131.26              | -302.13             |
| Add : Profit for the year                          | 1,172.82            | 588.93              |
| <b>Less :</b>                                      |                     |                     |
| Interim dividend                                   | —                   | —                   |
| Proposed dividend (Refer Note No. 49)              | 146.33              | 133.83              |
| Dividend Tax                                       | 23.74               | 21.71               |
| Balance as per end at the year                     | 1,134.01            | 131.26              |
| <b>Total</b>                                       | <b>16,415.85</b>    | <b>15,413.11</b>    |

## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

|                               | 31.03.2013      |                 | 31.03.2012      |                 |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
|                               | Non-current     | Current         | Non-current     | Current         |
| <b>4 LONG-TERM BORROWINGS</b> |                 |                 |                 |                 |
| <b>Secured</b>                |                 |                 |                 |                 |
| Term Loans- From Banks        | 5,309.50        | 3,390.00        | 8,438.50        | 2,768.00        |
| <b>Unsecured</b>              |                 |                 |                 |                 |
| Term Loans- From Banks        | —               | —               | —               | —               |
| <b>Total</b>                  | <b>5,309.50</b> | <b>3,390.00</b> | <b>8,438.50</b> | <b>2,768.00</b> |

- a) Term loan secured by First pari pasu charge over all the borrower's fixed assets (present & future), Second pari pasu charge over all the borrower's current assets including Debtors and stock etc and personal Guarantee of Mr. C.P. Agarwal, Mr. P.P. Agarwal and Mr. Nitin M. Kandoi.
- b) Term loan include Corporate Loan of ₹11.82 Crores in non current & ₹ 13.22 Crores in current liabilities.
- c) Current Portion of Loan have been grouped under "current maturity of long term debt" (refer note 9).
- d) Term of repayment for secured borrowing :
- Term Loan from State Bank of India amounting to ₹ 70 Crores sanctioned on 20.06.2008 repayable in 24 quarterly installments of ₹ 2.92 Crores each commencing from F.Y. 2010-11 out of which 12 installments amounting to ₹ 35.04 Crores have been paid upto 31.03.2013.
  - Term Loan from State Bank of Patiala amounting to ₹ 30 Crores sanctioned on 23.09.2008 repayable in 24 quarterly installments of ₹ 1.25 Crores each commencing from F.Y. 2010-11 out of which 12 installments amounting to ₹ 15 Crores have been paid upto 31.03.2013.
  - Term Loan from State Bank of Mysore amounting to ₹ 24 Crores sanctioned on 11.10.2008 repayable in 24 quarterly installments of ₹ 1.00 Crore each commencing from F.Y. 2010-11 out of which 12 installments amounting to ₹ 12.00 Crores have been paid upto 31.03.2013.
  - Corporate Loan from State Bank of India amounting to ₹ 18 Crores sanctioned on 01.12.2011 repayable in 12 quarterly installments. First 5 installments of ₹ 85 Lakh and remaining 7 installments of ₹ 1.96 Crores each commencing from 01.01.2012 out of which 5 installments amounting to ₹ 4.25 crores have been paid upto 31.03.2013.
  - Corporate Loan from State Bank of Patiala amounting to ₹ 8 Crores sanctioned on 01.12.2011 repayable in 12 quarterly installments. First 5 installments of ₹ 37.50 Lakh and remaining 7 installments of ₹ 87.50 Lakh each commencing from 01.01.2012 out of which 5 installments amounting to ₹ 1.875 Crores have been paid upto 31.03.2013.
  - Corporate Loan from State Bank of Mysore amounting to ₹ 6 Crores sanctioned on 11.06.2011 repayable in 12 quarterly installments. First 5 installments of ₹ 28.00 Lakh and remaining 7 installments of ₹ 66.00 Lakh each commencing from 01.07.2012 out of which 3 installments amounting to ₹ 0.84 Crore have been paid upto 31.03.2013.

(₹ in Lacs)

|   | 31.03.2013      | 31.03.2012      |
|---|-----------------|-----------------|
| <b>5 DEFERRED TAX LIABILITY</b>                 |                 |                 |
| Opening Balance                                 | 1,355.61        | 998.81          |
| On account of Timing difference in Depreciation | 342.55          | 356.80          |
| <b>Total</b>                                    | <b>1,698.16</b> | <b>1,355.61</b> |

## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

|   | 31.03.2013      | 31.03.2012    |
|---|-----------------|---------------|
| <b>6 OTHER LONG TERM BORROWINGS</b>     |                 |               |
| Interest free Loan in Lieu of VAT & CST | 3,915.52        | 953.96        |
| <b>Total</b>                            | <b>3,915.52</b> | <b>953.96</b> |

|                                   |                 |                 |
|-----------------------------------|-----------------|-----------------|
| <b>7 SHORT-TERM BORROWINGS</b>    |                 |                 |
| <b>Secured</b>                    |                 |                 |
| Cash Credit From Bank             | 4,767.65        | 4,419.31        |
| <b>Unsecured</b>                  |                 |                 |
| Unsecured Loan From Group Company | 3,763.58        | –               |
| 0% Fully Convertible Debentures   | 250.00          | 250.00          |
| <b>Total</b>                      | <b>8,781.23</b> | <b>4,669.31</b> |

- 1) Cash credit secured by Hypothecation of entire current assets of the company (present & future) consisting of raw material, SIP, Finished goods, store & spares and book debts, Extension of first pari passu charge over all the borrower's fixed assets (present & future) and personal Guarantee of Mr. C. P. Agarwal, Mr. P. P. Agarwal and Mr. Nitin M. Kandoi.
- 2) During the year 2011-12 the company has allotted 2500000, 0% Fully Convertible Unsecured Debentures of ₹ 10 each at a premium of ₹ 150.00 each). Debentures so allotted shall be converted into Equity Shares within a period of eighteen months (on or before 31st may 2013) from the date of allotment in the ratio of 1:1 on maturity of debenture.

(₹ in Lacs)

|                         | 31.03.2013    | 31.03.2012    |
|-------------------------|---------------|---------------|
| <b>8 TRADE PAYABLES</b> |               |               |
| Trade Payables          | 255.84        | 877.55        |
| <b>Total</b>            | <b>255.84</b> | <b>877.55</b> |

|   |                 |                 |
|---|-----------------|-----------------|
| <b>9 OTHER CURRENT LIABILITIES</b>                |                 |                 |
| Current maturities of long term debt (Note No. 4) | 3,390.00        | 2,768.00        |
| Interest on long Term borrowings                  | 93.85           | 167.96          |
| Current Account overdrawn                         |                 |                 |
| SBI   | –               | 409.97          |
| HDFC  | –               | 48.49           |
| Other Payables                                    | 392.95          | 74.37           |
| Advance From Customer                             | 1,196.33        | 1,808.91        |
| <b>Total</b>                                      | <b>5,073.13</b> | <b>5,277.70</b> |

|   |               |               |
|---|---------------|---------------|
| <b>10 SHORT TERM PROVISIONS</b>           |               |               |
| Proposed Dividend                         | 146.33        | 133.83        |
| Tax on Dividend                           | 23.74         | 21.71         |
| Provision for Income Tax (Net of Advance) |               |               |
| <b>Total</b>                              | <b>170.07</b> | <b>155.54</b> |

# Notes to the Financial Statements (Contd.)

| 11 TANGIBLE FIXED ASSETS           |                          |                           |           |                           |                           |                        |                  |                 |                           |                        |                      |
|------------------------------------|--------------------------|---------------------------|-----------|---------------------------|---------------------------|------------------------|------------------|-----------------|---------------------------|------------------------|----------------------|
| Particulars                        | GROSS BLOCK              |                           |           |                           |                           | DEPRECIATION           |                  |                 |                           | NET BLOCK              |                      |
|                                    | Balance as on 01.04.2012 | Additions during the year | Total     | Sales/Adj during the year | Adjustment of subsidy ETC | Total as on 31.03.2013 | As on 01.04.2012 | During the year | Sales/Adj during the year | Total as on 31.03.2013 | WDV as at 31.03.2013 |
| Land                               | 1,840.68                 | 9.22                      | 1,849.90  | -                         | 300.24                    | 1,549.66               | -                | -               | -                         | -                      | 1,549.66             |
| Computer                           | 38.05                    | 3.71                      | 41.76     | -                         | 4.40                      | 37.37                  | 13.29            | 5.72            | -                         | 19.00                  | 18.37                |
| Motor Car                          | 146.17                   | 39.77                     | 185.94    | -                         | 19.90                     | 166.05                 | 42.93            | 12.96           | -                         | 55.88                  | 110.16               |
| Two Wheeler                        | 3.02                     | -                         | 3.02      | -                         | 0.56                      | 2.46                   | 1.07             | 0.23            | -                         | 1.30                   | 1.16                 |
| Vehicle Commercial                 | 93.77                    | -                         | 93.77     | -                         | 17.32                     | 76.45                  | 42.92            | 8.65            | -                         | 51.56                  | 24.89                |
| Office Equipment                   | 28.78                    | 4.48                      | 33.26     | -                         | 3.19                      | 30.07                  | 2.60             | 1.30            | -                         | 3.90                   | 26.17                |
| Furniture & Fixture                | 20.05                    | 2.86                      | 22.91     | -                         | 0.94                      | 21.97                  | 1.91             | 1.30            | -                         | 3.21                   | 18.76                |
| Electrical Installation            | 737.57                   | 0.36                      | 737.93    | -                         | 160.45                    | 577.48                 | 123.32           | 40.82           | -                         | 164.14                 | 413.33               |
| Factory Building (Common)          | 255.55                   | -                         | 255.55    | -                         | 47.21                     | 208.34                 | 21.04            | 6.96            | -                         | 28.00                  | 180.33               |
| Misc Assets                        | 392.26                   | -                         | 392.26    | -                         | 68.62                     | 323.64                 | 35.16            | 15.37           | -                         | 50.54                  | 273.10               |
| Non Factory Building               | 771.12                   | -                         | 771.12    | -                         | 115.66                    | 655.46                 | 27.17            | 10.68           | -                         | 37.85                  | 617.61               |
| Factory Building (Flour Mill)      | 917.54                   | -                         | 917.54    | -                         | 140.68                    | 776.87                 | 74.30            | 25.95           | -                         | 100.24                 | 676.62               |
| Plant & Machinery (Flour Mill)     | 1,231.83                 | 2.79                      | 1,234.62  | -                         | 202.60                    | 1,032.02               | 203.02           | 106.62          | -                         | 309.64                 | 722.38               |
| Plant & Machinery (Rolling Mill)   | 2,616.93                 | 201.15                    | 2,818.08  | -                         | 619.34                    | 2,198.74               | 378.34           | 218.12          | -                         | 596.46                 | 1,602.28             |
| Plant & Machinery (SMS)            | 2,788.61                 | 55.57                     | 2,844.18  | -                         | 778.76                    | 2,065.42               | 399.20           | 211.80          | -                         | 611.00                 | 1,454.42             |
| Plant & Machinery (Sponge Iron)    | 5,783.81                 | 235.32                    | 6,019.13  | -                         | 96.19                     | 5,922.94               | 437.96           | 309.92          | -                         | 747.89                 | 5,175.06             |
| Plant & Machinery (Structure Mill) | -                        | 1,300.51                  | 1,300.51  | -                         | 146.60                    | 1,153.91               | -                | 58.81           | -                         | 58.81                  | 1,095.10             |
| Factory Building (Rolling Mill)    | 1,517.10                 | 110.27                    | 1,627.37  | -                         | 178.79                    | 1,448.57               | 99.85            | 47.78           | -                         | 147.63                 | 1,300.95             |
| Factory Building (SMS)             | 1,463.53                 | -                         | 1,463.53  | -                         | 264.21                    | 1,199.32               | 119.35           | 40.06           | -                         | 159.41                 | 1,039.91             |
| Factory Building (Sponge Iron)     | 1,754.56                 | 55.20                     | 1,809.75  | -                         | 1,809.75                  | 75.62                  | 60.14            | 60.14           | -                         | 135.76                 | 1,673.99             |
| Office Building                    | 244.88                   | 10.92                     | 255.80    | -                         | -                         | 255.80                 | 0.22             | 4.00            | -                         | 4.22                   | 251.57               |
| Railway Siding                     | 900.91                   | -                         | 900.91    | -                         | -                         | 900.91                 | 21.16            | 42.79           | -                         | 63.96                  | 836.96               |
| Total i)                           | 23,546.74                | 2,032.11                  | 25,578.86 | -                         | 3,165.66                  | 22,413.19              | 2,120.44         | 1,229.99        | -                         | 3,350.42               | 19,062.77            |
| POWER PLANT                        |                          |                           |           |                           |                           |                        |                  |                 |                           |                        |                      |
| Particulars                        | GROSS BLOCK              |                           |           |                           | DEPRECIATION              |                        |                  |                 | NET BLOCK                 |                        |                      |
|                                    | Balance as on 01.04.2012 | Additions during the year | Total     | Sales/Adj during the year | Adjustment of subsidy ETC | Total as on 31.03.2013 | As on 01.04.2012 | During the year | Sales/Adj during the year | Total as on 31.03.2013 | WDV as at 31.03.2013 |
| Factory Building (Power Plant)     | 1,739.34                 | 35.41                     | 1,774.75  | -                         | -                         | 1,774.75               | 38.04            | 59.08           | -                         | 97.12                  | 1,677.63             |
| Plant & Machinery (Power Plant)    | 7,486.18                 | 377.96                    | 7,864.14  | -                         | 695.59                    | 7,168.55               | 229.94           | 374.10          | -                         | 604.04                 | 6,564.51             |
| Total ii)                          | 9,225.52                 | 413.37                    | 9,638.89  | -                         | 695.59                    | 8,943.30               | 267.98           | 433.19          | -                         | 701.16                 | 8,242.14             |
| TOTAL (i+ii)                       | 32,772.27                | 2,445.48                  | 35,217.75 | -                         | 3,861.25                  | 31,356.50              | 2,388.41         | 1,663.17        | -                         | 4,051.59               | 27,304.91            |
| 12 INTANGIBLE ASSETS               |                          |                           |           |                           |                           |                        |                  |                 |                           |                        |                      |
| Particulars                        | GROSS BLOCK              |                           |           |                           | DEPRECIATION              |                        |                  |                 | NET BLOCK                 |                        |                      |
|                                    | Balance as on 01.04.2012 | Additions during the year | Total     | Sales/Adj during the year | Adjustment of subsidy ETC | Total as on 31.03.2013 | As on 01.04.2012 | During the year | Sales/Adj during the year | Total as on 31.03.2013 | WDV as at 31.03.2013 |
| Computer Software                  | 8.29                     | -                         | 8.29      | -                         | 1.01                      | 7.28                   | 2.13             | 1.18            | -                         | 3.31                   | 3.97                 |
| Total                              | 8.29                     | -                         | 8.29      | -                         | 1.01                      | 7.28                   | 2.13             | 1.18            | -                         | 3.31                   | 3.97                 |

## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

|  | 31.03.2013   | 31.03.2012   |
|--|--------------|--------------|
| <b>13 NON CURRENT INVESTMENTS</b>  |              |              |
| Trade Investments  | –            | –            |
| Other Investments  |              |              |
| Gallantt Metal Limited (At cost) - Quoted<br>1,982,589 (P.Y. 1982589) Equity share of ₹ 10/- each<br>(Market Value as on 31.03.2013 is ₹ 33,194,013) | 40.45        | 40.45        |
| Gorakhpur Taxpark Pvt. Ltd (Un Quoted)<br>110,000 (P.Y. 110,000) Equity share of ₹ 10/- each   | 11.00        | 11.00        |
| <b>Total</b>   | <b>51.45</b> | <b>51.45</b> |

|  |              |              |
|--|--------------|--------------|
| <b>14 LONG TERM LOANS AND ADVANCES</b> |              |              |
| Unsecured, considered good             |              |              |
| Capital Advances                       | 22.88        | 45.85        |
| Security deposits                      | 1.27         | 1.08         |
| <b>Total</b>                           | <b>24.15</b> | <b>46.93</b> |

|   |                 |                 |
|---|-----------------|-----------------|
| <b>15 INVENTORIES</b>                     |                 |                 |
| At lower of cost and net realisable value |                 |                 |
| Raw materials                             | 1,743.96        | 2,470.49        |
| Work-in-progress                          | –               | –               |
| Finished goods                            | 1,417.21        | 1,937.17        |
| Consumables stores and spares             | 462.62          | 112.02          |
| <b>Total</b>                              | <b>3,623.79</b> | <b>4,519.68</b> |

|   |                 |                 |
|---|-----------------|-----------------|
| <b>16 TRADE RECEIVABLES</b>                   |                 |                 |
| (Unsecured, considered good)                  |                 |                 |
| Outstanding for a period exceeding six months | 86.70           | 35.86           |
| Outstanding for a period within six months    | 3,750.18        | 1,607.87        |
| <b>Total</b>                                  | <b>3,836.88</b> | <b>1,643.73</b> |

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| <b>17 CASH AND CASH EQUIVALENTS</b> |               |               |
| Balance with Banks                  | 36.14         | 5.99          |
| Cash in hand                        | 167.49        | 96.09         |
| Cheques, draft in hand              | –             | –             |
| Fixed deposits with Banks           | 49.77         | 49.27         |
| <b>Total</b>                        | <b>253.40</b> | <b>151.35</b> |



## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

|   | 31.03.2013      | 31.03.2012      |
|---|-----------------|-----------------|
| <b>18 SHORT TERM LOANS AND ADVANCES</b> |                 |                 |
| (Unsecured, considered good)            |                 |                 |
| Loans and advances to related parties   | —               | —               |
| Advances to employees                   | 2.36            | 3.23            |
| Prepaid expenses                        | 29.96           | 23.46           |
| Interest accrued on fixed deposit       | 5.27            | 2.13            |
| Advance Tax and TDS (Net of Provision)  | 24.28           | 31.85           |
| Balance with government authorities     |                 |                 |
| Excise                                  | 14.89           | 164.85          |
| VAT                                     | 31.10           | 66.65           |
| Service tax                             | —               | 3.11            |
| PICUP                                   | 7,286.98        | 2,613.48        |
| Others                                  | 1,047.88        | 1,732.06        |
| <b>Total</b>                            | <b>8,442.72</b> | <b>4,640.82</b> |

|  |               |               |
|--|---------------|---------------|
| <b>19 OTHER CURRENT ASSETS</b>                     |               |               |
| Deferred Tax Assets                                | 666.53        | 358.64        |
| Preliminary Expenses to the extent not written off | 3.25          | 6.10          |
| Public Issue Expenses                              | 50.02         | 75.03         |
| <b>Total</b>                                       | <b>719.80</b> | <b>439.77</b> |

|                                  |               |               |
|----------------------------------|---------------|---------------|
| <b>19.1 OTHER CURRENT ASSETS</b> |               |               |
| Deferred Tax Assets              |               |               |
| Opening Balance                  | 358.65        | 166.92        |
| Add : Addition during the year   | 307.88        | 191.73        |
| <b>Total</b>                     | <b>666.53</b> | <b>358.65</b> |

19.2 Preliminary & Public Issue Expenses include balances remaining outstanding after amortising these @20%.

## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

|                                   | 2012-13          | 2011-12          |
|-----------------------------------|------------------|------------------|
| <b>20 REVENUE FROM OPERATIONS</b> |                  |                  |
| Sales of Products                 | 44,620.73        | 28,572.28        |
| Less : Excise Duty                | 3,520.92         | 1,776.17         |
| <b>Total</b>                      | <b>41,099.81</b> | <b>26,796.11</b> |

|  |                  |                  |
|--|------------------|------------------|
| <b>20.1 PARTICULARS OF SALE OF PRODUCTS NET OF EXCISE DUTY</b> |                  |                  |
| Maida  | 6,893.59         | 5,935.12         |
| Suji   | 1,714.77         | 1,876.70         |
| Atta   | 459.80           | 270.11           |
| Bran   | 2,025.39         | 1,802.14         |
| Daliya   | 8.51             | —                |
| Sponge Iron  | 3,007.52         | 250.56           |
| Billets  | 1,000.40         | 793.36           |
| M.S Bar  | 24,221.14        | 15,864.20        |
| M.S.Angle  | 160.11           | —                |
| M.S.Channel  | 6.55             | —                |
| Miss rolled Bar  | 82.50            | 117.99           |
| others   | 1,659.38         | 12.53            |
| Revenue  | 41,239.66        | 26,922.71        |
| Less : Cash Discount   | 115.32           | 112.19           |
| Claims on sales  | 10.58            | 14.41            |
| Sales Return   | 13.95            | —                |
| <b>Total</b>   | <b>41,099.81</b> | <b>26,796.11</b> |

|   |                 |                 |
|---|-----------------|-----------------|
| <b>21 OTHER INCOMES</b>                     |                 |                 |
| Commission on procurement of Material       | —               | 497.18          |
| Income from Relinquishing of Rights on Land | 2,250.00        | 1,295.80        |
| Interest income                             | 5.65            | 2.36            |
| Guarantee Charges on Sales                  | 3.76            | 3.21            |
| Rounding Off                                | —               | 0.19            |
| <b>Total</b>                                | <b>2,259.41</b> | <b>1,798.74</b> |

21.1 During the year the Company has earned ₹ 22.50 Crores on account of Profit on Relinquishing of Rights on Land to Omkar Relators & Developers Private Limited out of Which ₹ 18.80 Crores is still to be realised as on 31.03.2013.

## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

|   | 2012-13         | 2011-12           |
|---|-----------------|-------------------|
| <b>22 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE</b> |                 |                   |
| Inventories at the beginning of the year  |                 |                   |
| Finished Goods  | 1,937.17        | 728.18            |
| <b>Total</b>  | <b>1,937.17</b> | <b>728.18</b>     |
| Inventories at the end of the year  |                 |                   |
| Finished Goods  | 1,417.22        | 1,937.17          |
| <b>Total</b>  | <b>1,417.22</b> | <b>1,937.17</b>   |
| <b>Net Decrease/(Increase)</b>  | <b>519.95</b>   | <b>(1,208.99)</b> |

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| <b>23 COST OF MATERIALS CONSUMED</b> |                  |                  |
| Opening Stock                        | 2,470.49         | 1,234.14         |
| Purchases                            | 32,025.36        | 22,467.42        |
| Expenses on Raw Material             | 367.32           | 38.10            |
| Freight on Iron Ore                  | 28.65            | 61.92            |
| Freight on Coal                      | 1,561.11         | 984.55           |
| Freight on other Raw Material        | 31.73            | 1.37             |
| Freight on Wheat                     | 137.61           | 152.27           |
| <b>Total</b>                         | <b>36,622.27</b> | <b>24,939.77</b> |
| Closing Stock                        | 1,743.96         | 2,470.48         |
| <b>MATERIALS CONSUMED</b>            | <b>34,878.31</b> | <b>22,469.29</b> |

|  |                  |                  |
|--|------------------|------------------|
| <b>23.1 PARTICULARS OF MATERIAL CONSUMED</b> |                  |                  |
| Wheat  | 8,516.41         | 8,089.84         |
| Iron Ore                                     | 12,508.80        | 5,910.48         |
| Pellets                                      | 1,431.62         | 2,610.95         |
| Coal   | 9,924.26         | 3,501.85         |
| Dolomite                                     | 69.32            | 52.36            |
| Refractories                                 | 191.73           | 176.40           |
| Sponge                                       | —                | 843.13           |
| Scrape                                       | 242.33           | 283.88           |
| Others                                       | 1,993.84         | 1,000.40         |
| <b>Total</b>                                 | <b>34,878.31</b> | <b>22,469.29</b> |

|  | 2012-13   |         | 2011-12   |         |
|--|-----------|---------|-----------|---------|
|  | ₹ in Lacs | % Total | ₹ in Lacs | % Total |
| <b>23.2 COST OF MATERIALS CONSUMED</b> |           |         |           |         |
| Imported                               | 3,651.79  | 10.47   | 759.45    | 3.38    |
| Indigenous                             | 31,226.52 | 89.53   | 21,709.84 | 96.62   |

## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

|  | 2012-13         | 2011-12         |
|--|-----------------|-----------------|
| <b>24 EMPLOYEE BENEFITS EXPENSE</b>              |                 |                 |
| Salary, Wages and Bonus                          | 195.94          | 152.56          |
| Contribution to Provident and other Fund         | 20.01           | 21.67           |
| Staff Welfare expenses                           | 0.17            | 0.56            |
| <b>Total</b>                                     | <b>216.12</b>   | <b>174.79</b>   |
| <b>25 FINANCIAL COST</b>                         |                 |                 |
| Interest Expenses                                | 2,072.88        | 1,707.92        |
| Other Borrowing Costs                            | 21.09           | 25.07           |
| <b>Total</b>                                     | <b>2,093.97</b> | <b>1,732.99</b> |
| <b>26 DEPRECIATION AND AMORTIZATION EXPENSES</b> |                 |                 |
| Depreciation on Tangible Assets                  | 1,663.17        | 1,372.75        |
| Amortization on Intangible Assets                | 1.18            | 1.18            |
| <b>Total</b>                                     | <b>1,664.35</b> | <b>1,373.93</b> |
| <b>27 OTHER EXPENSE : MANUFACTURING EXPENSES</b> |                 |                 |
| Consumption of stores and spare parts            | 322.06          | 236.95          |
| Repair to Plant & Machinery                      | 163.32          | 120.16          |
| Repair to others                                 | 38.73           | 4.64            |
| Handling Expenses                                | 214.55          | 76.91           |
| Power & Fuel                                     | 1,251.57        | 2,318.48        |
| Packing Material Consumed                        | 166.25          | 122.81          |
| <b>SELLING &amp; ADMINISTRATIVE EXPENSES</b>     |                 |                 |
| Selling & Distribution Expenses                  | 106.05          | 62.32           |
| Rate, Taxes & Fees                               | 20.87           | 17.36           |
| Insurance Expenses                               | 48.06           | 27.46           |
| Rent   | 11.89           | 0.05            |
| Misc. Expenses                                   | 5.62            | 6.88            |
| Office Expenses                                  | 0.21            | 2.38            |
| Postage Expenses                                 | 1.80            | 1.66            |
| Power & Fuel (Office)                            | 2.40            | 3.26            |
| Printing & Stationary                            | 0.57            | 3.13            |
| Telephone Expenses                               | 10.85           | 10.14           |
| Travelling & conveyance Expenses                 | 33.09           | 34.11           |
| Director Remuneration                            | 21.60           | 18.00           |
| Foreign Currency Conversion Gain / Loss          | 0.20            | —               |
| Rounding Off                                     | 0.15            | —               |
| <b>Total</b>                                     | <b>2,419.84</b> | <b>3,066.70</b> |

Travelling expenses include ₹ 5,85,833 in foreign currency.

## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

|   | 2012-13   |         | 2011-12   |         |
|---|-----------|---------|-----------|---------|
|   | ₹ in Lacs | % Total | ₹ in Lacs | % Total |
| <b>28</b> VALUE OF STORES, CHEMICALS AND PACKING MATERIALS CONSUMED |           |         |           |         |
| Imported  | 7.32      | 1.52    | 10.65     | 2.96    |
| Indigenous  | 481.00    | 98.50   | 349.12    | 97.04   |
|   | 488.32    | 100     | 359.77    | 100     |

|   | 31.03.2013 | 31.03.2012 |
|---|------------|------------|
| <b>29</b> VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF |            |            |
| Raw Material  | 3,651.79   | 759.45     |
| Stores, Chemical and packing Material                 | 7.32       | 10.65      |
| Capital Goods   | —          | —          |

|   | 2012-13      | 2011-12     |
|---|--------------|-------------|
| <b>30</b> EARNING PER SHARE   |              |             |
| (i) Net Profit After Tax as per statement of Profit And Loss attributable to Equity Shareholder (₹) | 11,72,81,677 | 5,88,93,218 |
| (ii) Weighted Average number of equity share used as denominator for calculating Basic EPS          | 2,67,66,505  | 2,67,66,505 |
| (iii) Weighted Average number of equity share used as denominator for calculating Diluted EPS       | 2,92,66,505  | 2,75,99,838 |
| (iv) Basic Earning per Share (₹)  | 4.38         | 2.20        |
| (v) Diluted Earning per Share (₹)   | 4.01         | 2.13        |
| (vi) Face Value Per Share (₹)   | 10.00        | 10.00       |

|   |  |
|---|--|
| <b>31</b> RELATED PARTY DISCLOSURE AS PER AS 18 (AS IDENTIFIED BY THE MANAGEMENT) |  |
| Name of Related Party and Description of Relationship.                            |  |
| I. Associate Company & Firm   | Gallantt Udyog Ltd<br>Gallantt Metal Ltd<br>Chandra Prakash Agarwal & Sons (HUF)<br>Prem Prakash Agarwal HUF |
| II. Key Managerial Personnel  | Mr. Chandra Prakash Agarwal<br>Mr. Prem Prakash Agarwal<br>Mr. Nitin M Kandoi                                |
| III. Relatives of Key Managerial Personnel  | Mr. Mayank Agrawal<br>Mr. Ashutosh Agrawal   |

## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

Related Party Transaction &amp; Balance :

| Nature of Transaction | Associates<br>Co. & Firm | Key<br>Managerial<br>Personnel | Relatives of Key<br>Managerial<br>Personnel | Total                  |
|-----------------------|--------------------------|--------------------------------|---|------------------------|
| Salary                | —<br>—                   | 21.60<br>(18.00)               | 10.80<br>(10.80)                            | 32.40<br>(28.80)       |
| Debenture issued      | —<br>(2,720.00)          | —<br>—                         | —<br>—                                      | —<br>(2,720.00)        |
| Interest paid         | 125.87<br>(106.77)       | —<br>—                         | —<br>—                                      | 125.87<br>(106.77)     |
| Loan Taken            | 10,765.70<br>(3385.32)   | —<br>—                         | —<br>—                                      | 10,765.70<br>(3385.32) |
| Loan Repaid           | 7,014.80<br>(5,073.24)   | —<br>—                         | —<br>—                                      | 7,014.80<br>(5,073.24) |
| Purchase              | 0.04<br>(6.17)           | —<br>—                         | —<br>—                                      | 0.04<br>(6.17)         |
| Sale                  | —<br>(1.55)              | —<br>—                         | —<br>—                                      | —<br>(1.55)            |
| Rent Paid             | 0.81<br>(—)              | —<br>—                         | —<br>—                                      | 0.81<br>(—)            |

The Amount Shown in Bracket ( ) Denotes Previous year figure.

### 32 As per Accounting Standard 15 "EMPLOYEE BENEFITS" the Disclosures as Defined is given Below

#### Defined Contribution Plans

Contribution to Defined Contribution Plans, recognized as expense for the year is as under :

|  |      |      |
|--|------|------|
| Employer' contribution to Provident Fund | 6.25 | 1.45 |
| Employer' contribution to ESIC           | 4.55 | 4.76 |

#### Defined Benefit Plans

The Employee' gratuity fund scheme managed by a Life Insurance Corporation of India is a defined benefit Plan.

#### Disclosures pursuant to Accounting Standard-15 Employment Benefit

| Particulars                               | 2012-13 | 2011-12 |
|---|---------|---------|
| <b>(a) Component of Employer Expenses</b> |         |         |
| (i) Current Service Cost                  | 9.95    | 6.38    |
| (ii) Interest Cost                        | 1.16    | 0.47    |
| (iii) Expected return on Assets           | 2.00    | (0.53)  |
| (iv) Actuarial (Gain) / Losses            | (1.03)  | 2.45    |
| (v) Total Expenses                        | 12.07   | 8.77    |



## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

| 32   | As per Accounting Standard 15 "EMPLOYEE BENEFITS" the Disclosures as Defined is given Below (Contd.) |                |
|--|--|----------------|
| Particulars  | 2012-13  | 2011-12        |
| <b>(b) Net Assets (Liability) recognized in Balance Sheet</b>                |  |                |
| (i) Present Value of defined benefit obligation                              | 23.66  | 15.34          |
| (ii) Fair Value of Plant Assets  | 32.43  | 22.21          |
| (iii) Fund Status (Surplus/ Deficit)   | 8.76   | 6.87           |
| (iv) Net Assets / (Liability)  | 8.76   | 6.87           |
| <b>(c) Change in obligation during the year</b>                              |  |                |
| (i) Present value of defined benefit obligation at the beginning of the year | 15.34  | 5.57           |
| (ii) Current Service Cost  | 9.95   | 6.38           |
| (iii) Interest Cost  | 1.16   | 0.47           |
| (iv) Actuarial (Gain) / Losses   | -1.03  | 2.92           |
| (v) Benefit Payment  | 1.75   | —              |
| (vi) Present value of defined Benefit obligation at the end of the year      | 23.66  | 15.34          |
| <b>(d) Change in Assets</b>  |  |                |
| (i) Plan Assets at the beginning of the year                                 | 22.21  | 5.86           |
| (ii) Expected return on Plan Assets  | 2.00   | 0.53           |
| (iii) Actuarial Gain/ (Loss)   | 9.05   | 0.48           |
| (iv) Plan Assets at the end of the year                                      | 32.43  | 22.21          |
| <b>(e) Actuarial Assumption</b>  |  |                |
| (i) Discount Rate  | 8%   | 8%             |
| (ii) Expected return on Assets   | 9%   | 9%             |
| (iii) Salary Increase  | 9%   | 9%             |
| (iv) Mortality   | LICI 1994-1996   | LICI 1994-1996 |

# Notes to the Financial Statements (Contd.)

(₹ in Lacs)

## 33 SEGMENT REPORT

### (A) Primary Segment (By Business Segment) :

The Company is engaged in the business of production of Iron & Steel, Wheat Products and Power. The Company has three reportable business segments i.e. Steel, Agro and Power which have been identified in line with the A.S. -17 on "Segment Reporting". Information about Primary Segment is as follows :

#### SEGMENT WISE REPORTING

| Particulars                             | 2012-13    | 2011-12   |
|---|------------|-----------|
| 1 Segment Revenue                       |            |           |
| (A) Agro                                | 10,986.75  | 9,757.46  |
| (B) Steel                               | 30,113.06  | 17,038.64 |
| (C) Power                               | 3,626.43   | 1,213.62  |
| (D) Unallocated Income                  | 2,259.41   | 1,798.74  |
| Total Segment Revenue                   | 46,985.65  | 29,808.46 |
| Less : Inter Segment Revenue-Power      | 3,626.43   | 1213.62   |
| Net Sales/Income from Operation         | 43,359.22  | 28,594.84 |
| 2 Segment Result                        |            |           |
| (A) Agro                                | 1,423.65   | 852.28    |
| (B) Steel                               | (1,601.81) | (447.97)  |
| (C) Power                               | 1,689.45   | 590.23    |
| Total Segment Result                    | 1,511.29   | 994.54    |
| Add : Unallocated Income                | 2,250.00   | 1,798.74  |
| Less : Interest                         | 2,093.97   | 1,732.99  |
| Less : Other Unallocable Expenses (Net) | 151.97     | 114.56    |
| Total Profit before Tax                 | 1,515.36   | 945.73    |
| 3 Segment assets                        |            |           |
| (A) Agro                                | 2,660.44   | 2,152.35  |
| (B) Steel                               | 28,296.09  | 24,962.23 |
| (C) Power                               | 8,242.14   | 11,596.64 |
| (D) Unallocated                         | 5,044.02   | 1,106.70  |
|   | 44,242.69  | 39,817.92 |
| Segment Liability                       |            |           |
| (A) Agro                                | 1,952.45   | 367.16    |
| (B) Steel                               | 17,860.10  | 17,927.41 |
| (C) Power                               | 3,079.72   | 3514.71   |
| (D) Unallocated                         | 2,296.65   | —         |
|   | 25,188.92  | 21,809.28 |
| 4 Capital Employed                      |            |           |
| (A) Agro                                | 707.98     | 1,785.19  |
| (B) Steel                               | 10,435.99  | 7,034.82  |
| (C) Power                               | 5,162.42   | 8,081.93  |
| (D) Unallocated                         | 2,747.37   | 1,106.70  |
| Total Capital Employed                  | 19,053.76  | 18,008.64 |

### (B) Secondary Segment (By Geographical Segment) :

The Secondary Segment is based on geographical demarcation i.e. India & Rest of the World. There is no reportable segment under above category

## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

| 34  | CONTINGENT LIABILITIES                            |         |         |
|---|---|---------|---------|
| Contingent liabilities not provided for in respect of :   |   |         |         |
| Description   | 2012-13   | 2011-12 |         |
| (i) Guarantee given by the bank on behalf of the Company to Purvanchal Vidyut Vitran Nigam for Electricity connection.  | 150.00  | 292.07  |         |
| (ii) Guarantees given by the bank on behalf of the Company to Uttar Pradesh Pollution Control Board for NOCs.   | 2.00  | 2.00    |         |
| (iii) Appeal against order of Assessing Officer : Vide its order dated 21.03.2013 Assessing Office, Mr. V. K. Meena, Dy. C.I.T. Range-3, Kolkata has raised a tax demand worth ₹ 29,140/- (Rupees Twenty Nine Thousand One Hundred and Forty only) for the Assessment Year 2010-11 (previous year 2009-10). Based on the advice of Income Tax Consultants, Company has preferred an appeal with C.I.T. (Appeals)-I, Kolkata. Matter is under consideration. | 0.29  | —       |         |
| (iv) Irrevocable Letter of Credit Issued by State Bank of India in favour of Transasia Pacific GGNR Pte Ltd Singapore amounting to USD 1503153.38 for Supply of Anglo South african Steam Coal (Rate as on 31.03.2013 1USD = ₹ 54.33 ).   | 816.66  | —       |         |
|   |   |         |         |
|   |   | 2012-13 | 2011-12 |
| 35  | MANAGERIAL REMUNERATION PAID/PAYABLE TO DIRECTORS |         |         |
| Managing Director   |   |         |         |
| Remuneration  |   | 7.20    | 6.00    |
| Whole Time Director/ Director   |   |         |         |
| Remuneration  |   | 14.40   | 12.00   |
| During the year the company has paid ₹ 29,500.00 against sitting fee to the directors.  |   |         |         |
| The Company has not given any perquisite to its directors during the year.  |   |         |         |
| Payment to Auditors   |   |         |         |
| i) Audit Fees   |   | 1.75    | 1.75    |
| ii) Tax Vat Audit Fees  |   | 0.25    | 0.25    |
| iii) Other Services (certification fees)  |   | 1.27    | 0.85    |
| Total   |   | 3.27    | 2.85    |

## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

### 36 PRIOR PERIOD EXPENSES

During the year ₹ 2217136.00 paid on account of interest on late payment of Entry Tax of FY. 2011-12 , ₹ 95530.00 paid on account of interest on Excise of FY. 2011-12 and ₹ 33475 charged for Reversal of Service Tax credit wrongly taken in Previous Year.

### 37 IMPAIRMENT OF ASSETS

Pursuant to Accounting Standard (AS 28)-Impairment of Assets issued by Institute of Chartered Accountant of India, the Company assessed its fixed assets for impairment as at March 31, 2013 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of accounts.

### 38 DISCLOSURE AS PER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

"The company has not received any intimation from "suppliers" regarding status under the Micro, Small and medium Enterprises Development Act 2006 and hence disclosures, if any, relating to amount unpaid as at the year end together with the interest paid/payable as required under the said act have not been furnished."

### 39 Balance of the Sundry Debtors, Creditors, Loans and advances are subject to confirmation from respective parties.

- 40 i) As per incentive scheme of State Government of Uttar Pradesh vide Government Order No. 1502/77-6-2006-10 tax/04 dated 1st June 2006 and which have been elaborated in Government Order No. 2941/77-6-2006-10 tax/04 dated 30th November 2007 and amended from time to time the company is eligible for Interest free loan of equivalent amount of VAT & CST liability for 15 years and which shall be re-payable after 15 years. The company has claimed ₹ 3915.52 lacs up to 31st March 2013 (upto previous year ₹ 2833.36 Lacs) on account of Interest Free Loan to State Government of Uttar Pradesh. Out of total claim of ₹ 3915.52 Lacs, ₹ 2343.14 Lacs has not been deposited to Commercial Tax department in accordance with an order of Honorable High Court of Allahabad in writ petition no. 8886/2011, 12710/2011 and 2067/2012. State Government has vide order no E-6-534/10-2011 dated 18/11/2011 has refused to consider pending applications under the schemes and company has obtained stay against payment of taxes from Honorable High Court Allahabad, Lucknow Bench, accordingly company has not deposited VAT amounting to ₹ 2343.14 Lacs.
- ii) During the year the company has done regrouping in its accounting treatment in respect of Interest free Loan under incentive scheme of State Govt. of Uttar Pradesh by showing full amount of Vat Liability upto 31.03.2013 amounting to ₹ 3915.52 Lacs as other Long Term Borrowing and ₹ 1572.39 Lacs in current Assets being amount already deposited upto 31.03.2013 and recoverable from state Govt of Uttar pradesh. Till Previous year amount not deposited till 31.03.2012 amounting to ₹ 953.36 Lacs was shown as current liability.

- 41 As per incentive scheme of State Government of Uttar Pradesh vide Government Order No. 1502/77-6-2006-10 tax/04 dated 1st June 2006 and which have been elaborated in Government Order No. 2941/77-6-2006-10 tax/04 dated 30th November 2007 and amended from time to time the company is eligible for incentives i.e. Capital investment subsidy @ 20% of fixed capital investment, infrastructure subsidy @ 10% of total fixed capital investment and 5% additional capital subsidy being the first unit in Purvanchal region. Company has claimed for ₹ 12262.00 Lacs against the capital investment made upto 31st May 2012. The incentive received of ₹ 2428.00 Lacs has been credited in fixed assets in the ratio of capital investment made. No provision has been made for the unrealized claim of ₹ 9834.00 Lacs in the books.

- 42 As per incentive scheme of State Government of Uttar Pradesh vide Government Order No. 1502/77-6-2006-10 tax/04 dated 1st June 2006 and which have been elaborated in Government Order No. 2941/77-6-2006-10 tax/04 dated 30th November 2007 and amended from time to time the company is eligible for incentives including freight subsidy on Iron

## Notes to the Financial Statements (Contd.)

(₹ in Lacs)

Ore equivalent to the freight paid to Railway and local handling expenses upto maximum of 5% of the railway freight. During the year company has provided an amount of ₹ 3101.11 Lacs (Previous year ₹ 1753.89 Lacs), which has been adjusted with freight paid on Iron Ore in Statement of Profit Loss and shown as Advance recoverable in Balance sheet. The total amount receivable against the freight subsidy as on 31.03.2013 was ₹ 5714.59 Lacs (Previous year ₹ 2613.48 Lacs).

- 43 State Govt. Vide G.O. no. 1674/77-6-11-10/(Tax) 04 T.C.-12 dated November 18, 2011, has refused to consider pending applications under the schemes stated hereinabove. Being the unconstitutional decision and injustice on the part of the State Government of Uttar Pradesh, and for getting equal protection of law of land, Company has preferred a Writ petition bearing no.12710/2011 / Misc. Bench dated 17.12.2011 at Honorable High Court of Allahabad, Lucknow Bench, Uttar Pradesh, and the Honorable High Court has restrained the Govt. from realisation of the taxes and the case is pending for final order. The total operational profit includes ₹ 3101.11 Lacs (Previous year ₹ 1753.89 Lacs) of freight subsidy which is receivable and subject to the decision of Honorable High Court.
- 44 License Agreement : Company has entered into a License Agreement dated 30th March, 2013 with Gallantt Udyog Limited (Licensor) and pursuant to the agreement, the Company has been granted leave and license by the Licensor to occupy, use, run and operate the Flour Mill unit of the Licensor located at 60 KM Stone, Gorakhpur-Lucknow Highway, Sabdaiyan Kalan, Basti District of Uttar Pradesh with a factory and other utilities along with building structures commonly known as Basti Flour Mill of Gallantt Udyog Limited established in the year 2002 having present production capacity at 72,000 M.T. per annum (hereinafter referred to as "Basti Flour Mill"). Terms and conditions and particulars have been clearly embodied in the said agreement. Company has complied with the requisite formalities for the above license agreement.
- 45 Company has purchased Steam Coal from various parties on High Sea Sale Purchase basis. Based on the specification of the coal so imported, Company has assumed and considered coal so imported as a steam coal, however, vide its various letters issued, by Directorate of Revenue Intelligence, Kolkata (DRI) has stated to the Company that Coal purchased on HSS basis fall under the category of Bituminous Coal. Import Duty on Steam coal attracts at 1% whereas import duty on Bituminous coal is 11%. (Including Cenvatable duty 6%). As per the contention of the DRI the Company is required to pay additional customs duty amounting to ₹ 4.89 Crores. Company has made provision in the Books of Accounts for the above sum and liabilities have been created thereby. Simultaneously, Company has also provided for credit of CENVAT in the books of accounts amounting to ₹ 2.93 Crores.
- 46 A proposal of Merger of Gallantt Udyog Limited with the Company : At their meeting held on 30th March, 2013 Board of Directors of the Company has proposed to amalgamate Gallantt Udyog Limited with the Company with effect from Transfer Date 01.04.2013 whereby the identity of both Companies would be blended into one single company. However, shape, manner and other things shall be decided by the Board of Directors in due course.
- 47 Inspection under Section 209A of the Companies Act, 1956 : Office of the Regional Director, East, Ministry of Corporate Affairs (hereinafter referred to as "RD Office" had initiated inspection of Books of Accounts and other statutory records of the Company pursuant to the provisions of Section 209A of the Companies Act, 1956. Contravention of few provisions of Companies Act, 1956 have been revealed in the inspection report of the Officer of the RD Office. Company is in the process of making good the contravention and offences are under process of compounding under Section 621A of the Companies Act, 1956.

## Notes to the Financial Statements (Contd.)

- 48 Unpaid and Unclaimed Amount of Dividend and Share Application Money :** Following amount of Unpaid Share Application Money and Unpaid Dividend has not been claimed and paid till 31.03.2013

| Nature of Money         | Relevant F. Y. | Bank Account Details                 | Amount lying (₹ in Lacs) |
|-------------------------|----------------|--------------------------------------|--------------------------|
| Share Application Money | 2010-11        | HDFC Bank Account No. 00142300001609 | 0.72                     |
| Final Dividend for 2011 | 2010-11        | HDFC Bank Account No. 00142300001876 | 0.10                     |
| Final Dividend for 2012 | 2011-12        | HDFC Bank Account No. 00142300002332 | 0.10                     |

Unpaid dividend amounts and share application money are not available for use by the company. There is no amount due and outstanding to be credited to investors' Education and Protection Fund as on 31.03.2013.

- 49 Rights, preferences and restrictions attached to equity shares :** The Company has a single class of equity shares with par value of ₹ 10/- per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time. The voting right of an equity shareholder on a poll (not on show of hands) are in proportion to its shares of the paid up equity capital of the Company. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion to their shareholdings. During the year ended 31st March, 2013, the amount per share dividend recognised as distributions to equity shareholders was Paise 50. The total dividend appropriation for the year ended 31st March, 2013 amounted to ₹ 17,007,134/- including corporate dividend tax of ₹ 2,373,881. The above appropriation of Dividend also includes ₹ 1,250,000/- as dividend and ₹ 202,781/- as dividend tax on FCD, converted into Equity Shares on 25.05.2013.
- 50** Previous year figures have been regrouped and reclassified wherever necessary to facilitate comparison with current year figures.

As per our report of even date

For **Anoop Agarwal & Co.**  
Chartered Accountants  
(Registration No. 01739C)

**H. C. Pant**  
Partner  
Membership No. : 17694  
Place : Kolkata  
Dated : 25th May, 2013

|                       |   |
|-----------------------|---|
| <b>C. P. Agarwal</b>  | <i>Chairman &amp; Managing Director</i> |
| <b>P. P. Agarwal</b>  | <i>Whole time Director</i>              |
| <b>Nitin M Kandoi</b> | <i>Whole time Director</i>              |
| <b>Nitesh Kumar</b>   | <i>Company Secretary</i>                |



## FORM A

Covering letter to the annual report to be filed with the stock exchanges

|   |  |                              |
|---|--|------------------------------|
| 1 | Name of the Company                            | Gallantt Ispat Limited       |
| 2 | Annual Financial Statements for the year ended | 31 <sup>st</sup> March, 2013 |
| 3 | Type of Audit observation                      | Unqualified                  |
| 4 | Frequency of observation                       | Not applicable               |

Signed by:

GALLANTT ISPAT LIMITED

Managing Director

C. P. Agarwal, Managing Director



Nitesh K., Manager Accounts &amp; Finance



M/s. Anoop Agarwal &amp; Co., Statutory Auditors

GALLANTT ISPAT LIMITED

Director

Piyush Kankrania, Chairman Audit Committee

## Gallantt Ispat Limited

Registered Office :  
1, Crooked Lane, 2nd Floor, Room No. 222 & 223, Kolkata - 700 069

### Form of Proxy

I/We .....  
of .....  
..... being Member/Member(s) in the above named Company,  
hereby appoint.....  
of .....  
or failing him ..... of .....  
..... as my/our proxy to attend and vote for me/us on my/our behalf  
at the 9th Annual General Meeting of the Company to be held on **Thursday, 19th September, 2013 at 11.30 A.M.** at Rabindra Okakura Bhavan, DD-27/A/1, Sector - 1, DD Block, Salt Lake City, Kolkata - 700 091 and any adjournment thereof.  
Signed this ..... day of ..... 2013

Folio No.....

DP ID No.....

Client ID No.....

No. of Shares.....

Affix  
Revenue  
Stamp

Note : The proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

## Gallantt Ispat Limited

Registered Office :  
1, Crooked Lane, 2nd Floor, Room No. 222 & 223, Kolkata - 700 069

### Attendance Slip

(Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall)

Shares Held .....

Folio No.....

DP ID No. ....

Client ID No. ....

..... (Please write your name in BLOCK letters)

I hereby record my presence at the 9th Annual General Meeting of the Company held at Rabindra Okakura Bhavan, DD-27/A/1, Sector - 1, DD Block, Salt Lake City, Kolkata - 700 091 on Thursday, 19th September, 2013 at 11.30 A.M.

Member's/Proxy's Signature

(To be signed at the time of handing over the slip)

- Notes :
1. Members/Proxy holders are requested to bring their copies of the Annual Report with them at the meeting.
  2. Please carry with you this Attendance Slip and hand over the same duly signed at the space provided, at the entrance of the Meeting Hall.

**Book-Post**

**If undelivered, please return to :**

**GALLANTT ISPAT LIMITED**

**1, Crooked Lane, 2nd Floor, Room No. 222 & 223  
Kolkata - 700 069, West Bengal, India**