



**GALLANTT ISPAT LIMITED**  
**Annual Report 2009-2010**

## **Sixth Annual Report 2009-2010**

### **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. Virendra Kumar Keshari** *Non-Executive Independent Director*

### **Auditors**

ANOOP AGARWAL & CO.

*Chartered Accountants*

### **Company Secretary**

Mr. Nitesh Kumar

### **Registered Office**

11, Crooked Lane, Second Floor, Kolkata- 700 069

Telefax : 033-2231 2429 Website : [www.gallantt.com](http://www.gallantt.com)

### **Bankers**

State Bank of India

State Bank of Mysore

State Bank of Patiala

HDFC Bank

### **Registrars & Share Transfer Agents**

Niche Technologies Pvt. Ltd.

D-511, Bagree Market, 71, B.R.B. Basu Road

Kolkata - 700 001

Phone : 033-223570 / 7271 / 3070 / 2234

Fax : 033-22156823

### **Factory Office**

Sector-23, GIDA, Sahjanwa, Gorakhpur - Uttar Pradesh

### **Audit Committee of the Board**

Mr. Virendra Kumar Keshari - 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. Virendra Kumar Keshari

Mr. Jyotirindra Nath Dey

### **Remuneration Committee of the Board**

Mr. Jyotirindra Nath Dey - Chairman

Mr. Virendra Kumar Keshari

Mr. Rajesh Kumar Jain

## **GALLANTT ISPAT LIMITED**

### **Notice**

Notice is hereby given that the Sixth Annual General Meeting of GALLANTT ISPAT LIMITED will be held on Monday, 6th September, 2010 at 10.00 A.M. at the Registered Office of the Company at 11, Crooked Lane, Second Floor, Kolkata - 700 069 to transact the following business :

#### **ORDINARY BUSINESS :**

1. To consider and adopt the audited Balance Sheet as on 31st March, 2010, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To reappoint Mr. Nitin M Kandoi, who retires by rotation and being eligible, offers himself for reappointment.
3. 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, be and are hereby appointed as 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."

#### **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. 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.
3. 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.

#### **Registered Office :**

11, Crooked Lane,  
Second Floor,  
Kolkata - 700 069  
Date : 25th July, 2010

By Order of the Board

**Nitesh Kumar**  
Company Secretary

## Directors' Report

### To The Members

Your Directors have pleasure in presenting the 6th Annual Report of the Company and the Annual Accounts for the year ended 31st March, 2010.

#### WORKING RESULTS

(Rs. in Lacs)

Financial Results	2010	2009
Income from Operation	12245.61	310.56
Other Income	301.50	2.37
Profit before Interest, Depreciation and Tax	591.39	30.33
Less : Interest	200.84	0.00
Profit before Depreciation & Tax	390.55	30.33
Less : Depreciation	383.36	6.35
Profit before Tax	7.19	23.97
Provision for Tax		
- Current	1.11	2.46
- Deferred	455.56	31.88
- Fringe Benefit tax	—	2.16
- Earlier year	0.09	0.07
<b>Profit after Tax</b>	<b>(449.57)</b>	<b>(12.60)</b>

### 2. PERFORMANCE REVIEW

During the year your Company has reported a turnover of 12245.61 Lacs. Profit before Interest, Depreciation and Tax stood at Rs. 591.39 Lacs and Profit before Depreciation and Tax remains at Rs. 390.55 Lacs. This is the second year of operation. Company had started its commercial operation from March, 2009 when it operated for few days only. During the Financial Year 2009-10 Company has operated throughout the year and reported a satisfactory performance. Company's Sponge Iron Unit (DRI) and Captive Power Plant (CPP) unit has not started functioning and are under implementation status. After functioning of these units Company will be benefited of fully integration. During the current financial year, your Company took various strategic initiatives to improve its volumes and profitability.

### 3. DIVIDEND

In view of unavailability of profit Directors are unable to recommend any dividend.

### 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 :

- A. The Applicable Accounting Standards have been followed in the preparation of Annual Accounts.
- B. 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, 2010.
- C. 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 for preventing and detecting fraud and other irregularities.
- D. That the Annual Accounts have been prepared on a going concern basis.

### 5. INITIAL PUBLIC OFFER OF 81,00,000 EQUITY SHARES :

The Company is coming out with Initial Public Offer of 81,00,000 Equity Shares of Rs. 10/- each at a Premium of Rs. 40/- per Equity Share. Draft Prospectus has already been filed with the Securities and Exchange Board of India (SEBI) for their approval. Further, the Company has obtained In-principle Approval from Bombay Stock Exchange Limited and National Stock Exchange of India Limited for listing of the Equity Shares with them.

## **GALLANTT ISPAT LIMITED**

### **6. FIXED DEPOSITS**

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

### **7. 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.

### **8. 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.

### **9. 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.

### **10. PERSONNEL, INDUSTRIAL RELATIONS AND MARKETING**

The industrial relations continued to be cordial. The Directors wish to place on record their appreciation for the contribution of the workers and officers of the Company at all levels.

### **11. DIRECTORS**

At the meeting held on 10th October, 2009 Mr. Virendra Kumar Keshari, Mr. Jyotirindra Nath Dey and Mr. Rajesh Kumar Jain were appointed as Additional Directors of the Company. At the Extra-ordinary General Meeting of the Company held on 8th December, 2010 these Additional Directors were appointed as a regular Director pursuant to the Section 257 of the Companies Act, 1956.

During the year Mr. Chandra Prakash Agarwal and Mr. Prem Prakash Agarwal were reappointed as a Managing and Whole-time Directors of the Company respectively.

### **12. ACKNOWLEDGEMENT**

Your Directors wish to place on record their sincere thanks to the Shareholders, Customers, Suppliers, Bankers, Central Government and the State Government agencies who, through their continued support and co-operation, have helped, as partners, in your Company's progress.

Place : Gorakhpur  
Date : 25th July, 2010

On behalf of the Board  
**Chandra Prakash Agrawal**  
Chairman

## Annexure to Directors' Report

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

### 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

A. Power & Fuel Consumption	2009-10	2008-09
<b>1. Electricity</b>		
<b>(a) Purchased</b>		
Total Unit (in Lacs)	408.83	Nil
Amount (Rs. in Lacs)	1520.46	—
Rate Per Unit (Rs.)	3.72	—
<b>(b) Own Generation</b>		
Total Units (in Lacs)	Nil	Nil
Amount (Rs. in Lacs)	Nil	Nil
Rate per Unit (Rs.)	Nil	Nil
<b>2. Coal</b>		
Quantity (M.T.)	1697.308	Nil
Total Cost (Rs. in Lacs)	65.90	Nil
Average Rate (Rs. per M.T.)	3882.38	Nil
<b>3. Furnace Oil</b>		
Quantity (K. Ltrs.)	1195.660	Nil
Total Cost (Rs. in Lacs)	302.93	Nil
Average Rate (Rs. / K. Ltrs.)	25335.60	Nil

#### 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.

- Ø Absorbing and adapting latest technology in maintenance system.
- Ø Technical Interaction with expert.
- Ø Continuous efforts are being made towards improvements in existing production process.

## GALLANTT ISPAT LIMITED

### 2. Benefits derived as a result of the above efforts

- Ø Improvement in quality of products.
- Ø Cost reduction.
- Ø Improvement in the existing process and productivity.
- Ø 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. (Rs. in Lacs)

	2009-2010	2008-2009
CIF Value of imports	2.69	6.12
Expenditure in foreign currency	Nil	Nil
Earning in foreign currency	Nil	Nil

# Auditors' Report

## To the Shareholders

1. We have audited the attached Balance Sheet of **GALLANTT ISPAT LIMITED** as at 31st March, 2010 the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comment in the annexure referred to in Paragraph 3 above, we report that :-
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for my 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 the books.
  - c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of Accounts.
  - d) In our opinion, the Balance Sheet, Profit and Loss account and the Cash Flow Statement dealt by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from directors and taken on record by the Board of Directors, we report that none of the director is disqualified from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 as on 31st March, 2010.
  - f) In our opinion and to the best of our knowledge and according to the explanation given to us, the said accounts read together with notes thereon give the

information required by the Companies Act, 1956 in the manner as required, and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
- ii) In the case of Profit & Loss Account, 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.

For **Anoop Agarwal & Co.**  
Chartered Accountants  
**Manish Khandelwal**  
Partner

Place : Gorakhpur  
Date : 25th July, 2010

Membership No. 057846

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the Management. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c) No fixed assets have been disposed during the year.
- ii) a) The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- b) 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) The Company has maintained proper records of its inventories. No material discrepancies were noticed on physical verification.
- iii) a) 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 party is one and the maximum amount involved during the year was Rs.3466.00 Lacs and year end balance is Rs.3466.00 lacs. The company has granted loans, secured or unsecured to Companies, firms or other parties, covered in the register maintained under section 301 of the Act. The number of such party is two and the maximum amount involved during the year was Rs.2761.35 Lacs and year end balance is Rs 1.90 lacs.
- b) In our opinion, the rate of interest and other terms and conditions on which loan has been taken and granted from company listed in the register maintained