



**ISPAT LIMITED**

ANNUAL REPORT 2011-2012





*Message from*

## **Chairman & Managing Director**

**C. P. Agarwal**

**Dear Fellow Shareowners,**

It is my pleasure to present the Annual Report of your Company along with the Balance Sheet as at 31st March, 2012 and Statement of Profit & Loss for the financial year ended 31st March 2012. I am pleased to inform you that with your support and confidence of customers the Company was able to report a remarkable Turnover of Rupees 26796.11 Lacs during the year. I assure you that we would do our utmost to live up to expectations, deliver quality in all our operations and strive to increase shareholder wealth.

### **THE BACKDROP : ECONOMY & INDUSTRY :**

The Financial Year 2011-12 had been a challenging year. The Global Economies witnessed a modest recovery with accelerated GDP growth in US. However concerns persisted with regard to the sustaining of the momentum. The uncertainty in the EURO zone primarily because of the sovereign debt crisis even after large scale infusion of liquidity by the European Commercial Banks has resulted in the negative GDP growth in the fourth quarter. The increases in oil prices which are mainly fuelled by uncertainties of supply have raised concerns on escalation of global inflation.

The continuing uncertainties in the international foreign markets and the depressed global economic scenario also had its toll on the Indian economy. As a result, India too has suffered and Indian economy grew at 6.5% in 2011-12, down from 8.4% in 2010-11. The GDP growth in 2011-12 was at 5.3% - the lowest it has been in 9 years. This has been mainly on account of slowdown in the industrial sector due to cumulative effect of the monetary tightening and slackening of external demands.

The annualised global steel production peaked at June 2011 with 1,576 MnT which got reduced to a low of 1,420 MnT in November, 2011 - a reflection of economic slowdown in certain parts of the Globe. Global Steel production touched 1,527 MnT in 2011 against 1,430 MnT in 2010, an increase of 6.8% over the previous year. All major steel producing countries apart from Japan reported growth; this was particularly robust in Turkey, South Korea and Italy.

In 2011, India emerged as the world's fourth-largest steel producer after China, USA and Japan. India produced 74 MnT of crude steel in 2011-12 against 71 million tonnes in 2010-11 at an average capacity utilization of 83% in 2011-12, 91% in 2010-11, the steel demand in the country grew 6.8% in 2011-12, in accordance with the economic growth of the country.

### **COMPANY & ITS PERFORMANCE :**

Despite the challenging environment your Company has been able to perform reasonably well registering an all-round growth in various parameters. Fiscal 2011-12 would be marked as important

year for the Company. I would like to touch upon some of the events which made this fiscal a special year. First, during the Financial Year, Company has issued and allotted 25,00,000 Zero Coupon Fully Convertible Unsecured Debentures on Preferential Allotment basis to the Promoter and Non-Promoters on the terms and conditions as approved by the shareholders of the Company at their Extra-ordinary General Meeting. Fund infused in the Company through this Issue has been, as per the terms of the issue, utilized in meeting short term working capital requirements. Second, Captive Power Plant of 18 MW started commercial operation from July 25, 2011. It gives us the stable and uninterrupted power supply which is very crucial in manufacturing of our products. With the installation of Captive Power Plant waste heat of Iron and Steel Units is utilized to generate power which in turn improved the profitability of the project thereby making it economically more viable. Third, Structural Mill forming part of the Re-Rolled Products Unit has started Commercial Operation from April 12, 2012. Last but not least, Company reported a remarkable turnover and profitability and you will be happy to learn that during the year, your company achieved a significant turnover of Rupees 26,796.11 Lacs. During the year your Company posted a Profit Before Tax (PBT) of Rs. 958.28 Lacs and Profit after Tax of Rs. 588.93 Lacs.

Your Company continued to focus in the areas aligned with the overall vision of being a leading Steel Makers of Uttar Pradesh and is investing its resources in core businesses across the integrated steel plant as well as Flour Mill unit and acquiring new and latest technologies and businesses that help meet changing aspirations of millions of consumers. At Gallantt Ispat, maximizing shareholders value is an article of faith. With this in mind, we will explore all emerging opportunities in the sector in which your Company operates.

### **CONCLUSION :**

I express my sincere thanks to the Company's valued customers, shareholders and well wishers for their valuable contribution to the progress of the Company and seek their continued support and cooperation in future. I acknowledge with gratitude, the timely advice, valuable guidance and support received from management team, Board of Directors and our priceless staffs at all level without which the progress achieved would have been unattainable. I am also thankful to the Financial Institutions / Banks and other Government, Semi-Government and Non-Government Institutions for their co-operation and support to the Company.

Thanking you,

Yours truly,

**C. P. Agarwal**

# Corporate Information

## Eighth Annual Report 2011-2012

### 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

U. Tiwari & Associates  
*Cost Accountants*

### Company Secretary

Mr. Nitesh Kumar

### Registered Office

1, Crooked Lane, Second Floor,  
Room Nos. 222 & 223  
Kolkata - 700 069  
Phone : (033) 4064-2189  
Telefax : (033) 2231-2429  
Website : www.gallantt.com

### Works Office

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

### Bankers

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

### Equity Shares Listed on

Bombay Stock Exchange Ltd.  
National Stock Exchange of India Ltd.

### Registrar & Share Transfer Agent

Niche Technologies Pvt. Ltd.  
D-511, Bagree Market  
71, B.R.B. Basu Road  
Kolkata - 700 001  
Phone : (033) 2235-7270/7271/3070/2234  
Fax : (033) 2215-6823

### 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 Eighth Annual General Meeting of **GALLANTT ISPAT LIMITED** will be held on Tuesday, 25th September, 2012 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, 2012, 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.
3. To reappoint Mr. Jyotirindra Nath Dey, 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, 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."

## **SPECIAL BUSINESS :**

5. To consider and if thought fit, to pass with or without modification(s), the following Resolutions as an Ordinary Resolution:  
"RESOLVED THAT Mr. Piyush Kankrania be and is hereby appointed a Director of the Company pursuant to Section 257(1) of the Companies Act, 1956."
6. To consider and if thought fit, to pass with or without modification(s), the following Resolutions as a Special Resolution :  
"RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956 and Rules framed thereunder, the existing Articles of Association of the Company be amended as under :
  - i) After Article 106 of the Articles of Association of the Company, the following new Article 106A shall be inserted :  
**106A:** The Board may provide video conference facility and/or other permissible electronic mode of communication to the shareholders of the Company for participating in General Meetings of the Company. Such participation by the shareholders at General Meetings of the Company through video conference facility and/or other permissible electronic mode of communication shall be governed by the Rules and Regulations as applicable to the Company for the time being in force.
  - ii) After Article 191 of the Articles of Association of the Company, the following new Article 191A shall be inserted :  
**191A :** Directors may participate in Meetings of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication. Such participation by the Directors at Meetings of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication shall be governed by the Rules and Regulations as applicable to the Company for the time being in force."

"FURTHER RESOLVED THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee or any person which the Board may nominate/constitute to exercise its powers, including the powers by this Resolution) be and is hereby authorized to carry out the abovementioned amendments in the existing Articles of Association of the Company and that the Board may take all such steps as may be necessary to give effect to this 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, in respect of item no. 5 & 6 set out in the Notice is annexed hereto.

## Notice *Contd.*

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 19th September, 2012 to 25th September, 2012 (both days inclusive)
5. Dividend on Equity Shares as recommended by the Directors for the year ended March 31, 2012, when declared at the meeting, will be paid on or after 30th September, 2012 :
  - (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 18th September, 2012 after giving effect to all valid transfers in physical form lodged on or before 18th September, 2012 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 18th September, 2012.
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. Members may avail of the nomination facility as provided under Section 109A of the Companies Act, 1956.
8. Pursuant to the requirements on corporate governance under Clause 49 of listing agreements entered into with stock exchanges, the information about the Directors proposed to be appointed and re-appointed is given in the Annexure to the Notice.
9. 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).
10. 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.
11. 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.

**Registered Office :**

1, Crooked Lane,  
Second Floor, Room Nos. 222 & 223  
Kolkata - 700 069  
Date : August 13, 2012

By Order of the Board

**Nitesh Kumar**  
Company Secretary



## Notice *Contd.*

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

#### Item No. 5

##### APPOINTMENT OF MR. PIYUSH KANKRANIA AS A DIRECTOR OF THE COMPANY

At a Meeting of the Board of Directors of the Company held on March 29, 2012, Mr. Piyush Kankrania (Mr. Kankrania), aged 25 years, was appointed as an Additional Director in terms of the provisions of Section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company.

Mr. Kankrania is a finance professional with over 3 years of work experience. After graduating as Bachelor of Commerce from Calcutta University, Mr. Kankrania qualified as a Chartered Accountant.

Mr. Kankrania candidature for Directorship has been proposed by a shareholder pursuant to Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/-. The Board considers that the Company will benefit from the association of Mr. Kankrania and recommends the resolution for your approval.

Notice of the shareholder received by the Company, pursuant to Section 257 of the Companies Act, 1956 referred to above is available for inspection during office hours up to the date of the Meeting, at the Registered Office of the Company at 1, Crooked Lane, Second Floor, Room Nos. 222 & 223, Kolkata - 700 069 and will also be available at this Annual General Meeting.

Mr. Kankrania does not hold any share in the Company. None of the Directors is concerned or interested in the Resolution.

Mr. Kankrania, may however, be deemed to be concerned or interested in this Resolution and his appointment.

#### Item No. 6

##### ALTERATION IN ARTICLES OF ASSOCIATION OF THE COMPANY

The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide General Circulars No.27/2011 and 28/2011 dated May 20, 2011 and Circular No. 35/2011 dated June 06, 2012 have permitted the companies to hold Board Meetings and Shareholders' Meetings through video conference facility, as part of the Green Initiatives under Corporate Governance.

Further, MCA vide Circular No. 72/2011 dated December 27, 2011 made the video conference facility at the Shareholders' Meetings optional to the Company.

In order to provide video conference facility to its Directors and Shareholders, your Company has been advised to carry out necessary amendments in the existing Articles of Association of the Company by inserting enabling provisions. In terms of Section 31 of the Companies Act, 1956, approval of the Members by way of a Special Resolution is required to amend the Articles of Association of the Company.

The Articles of Association with alterations proposed therein as referred to in the Notice shall be available for inspection by the Members at the Registered Office of the Company on any working day except holidays observed by the Company during usual business hours up to the date of the Meeting and will also be available at this Annual General Meeting.

Accordingly, your Board recommends passing of the Resolution No.6 as a Special Resolution.

None of the Directors is interested or concerned in this Resolution.

#### Registered Office :

1, Crooked Lane,  
Second Floor, Room Nos. 222 & 223  
Kolkata - 700 069.  
Date : August 13, 2012

By Order of the Board

**Nitesh Kumar**  
Company Secretary

# Directors' Report

*Dear Members*

Your Directors have pleasure in presenting the 8th Annual Report of the Company and the Annual Accounts for the year ended 31st March, 2012.

## 1. WORKING RESULTS

(Rs. in Lacs)

Financial Results	2012	2011
Income from operation	26796.11	22,727.69
Other Income	1798.74	2059.68
Profit before Finance Cost, Depreciation and Tax	4065.21	2003.56
Less : Finance Cost	1732.99	625.02
Profit before Depreciation & Tax	2332.22	1378.54
Less : Depreciation (including amortization)	1373.93	553.55
Profit Before Tax	958.29	824.99
Prior Period Expenses	12.55	—
Provision for Tax :		
- Current	191.73	164.42
- Less - MAT Credit	(191.73)	(164.42)
- Deferred	356.80	508.88
Profit After Tax	588.94	316.11
Dividend (including Dividend Tax)	155.54	156.06
Balance carried to Balance Sheet	433.40	160.05

## 2. PERFORMANCE REVIEW

During the year your Company has reported a turnover of 26796.11 Lacs. The operating profit stood at Rs. 4065.21 Lacs. The Profit before Tax and Profit after Tax remains Rs. 958.29 Lacs and Rs. 588.94 Lacs respectively. The Basic Earnings and Diluted Earnings per share were at Rs. 2.20 and Rs. 2.13 respectively for Financial Year 2011-12. 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 Re. 0.50/- (Fifty Paise) per Equity Share on 2,67,66,505 Equity Shares of Rs. 10 /- each i.e. 5% on each Equity Share of the company, total outgo on account of dividend shall be Rs. 1,33,83,252.50 subject to tax.

## 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, 2012.
- 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.
- That the Annual Accounts have been prepared on a going concern basis.

## 5. ISSUE OF 25,00,000 ZERO COUPON FULLY CONVERTIBLE UNSECURED DEBENTURES

During the year under report your Company concluded a Preferential Allotment of 25,00,000 Zero Coupon Fully Convertible Unsecured Debentures (the "FCDs") of Rs. 10/- each for cash at a price of Rs. 160/- per Equity Share including a Premium of Rs. 150/- each) aggregating to Rs. 40.00 Crores. Company has obtained In-principle Listing Approval from Bombay Stock Exchange Limited and National Stock Exchange of India Limited. As per the terms of the issue, FCDs shall be compulsorily converted into 25,00,000 Equity Shares of Rs. 10/- each within a period of eighteen months from the date of allotment of FCDs. Members of the Company at their meeting held on 5th November, 2011 has approved the issue and allotment of the FCDs. Price at which FCDs have been issued and other terms and conditions is determined as per Section 81(1A) of the Companies Act, 1956 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

To give effect to the conversion of FCDs into Equity Shares and to meet future requirements, the Authorised Share Capital of the Company has been increased from Rs. 28.00 Crores to Rs. 30.00 Crores only.

## 6. UTILISATION OF FCDs PROCEEDS

Company has procured Rs. 40,00,00,000/- (Rupees Forty Crore only). As per the terms and object of the Issue entire funds have been utilized in meeting working capital requirements of the Company and other Corporate purposes including repayment of Unsecured Loan taken by the Company.

Total Issue size of the FCDs was of Rs. 40,00,00,000/- (Rupees Forty Crore only) which was as per the terms of the Issue of FCDs was utilized in the following manner :

Head of Issue proceeds utilized	Amount Utilised (Amount in Rs.)
Meeting Working Capital Requirements	37,00,00,000/-
Other Corporate Purposes including Repayment of Unsecured Loan taken.	3,00,00,000/-

## 7. CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges and accordingly a Report on Corporate Governance together

with Auditors' Certificate on Corporate Governance is appended to the Annual Report. Your Company is committed to achieving the highest standards of Corporate Governance and has complied with the requirements of Clause 49 of the Listing Agreement. Further, as required under Clause 49 of the Listing Agreement a Management Discussion and Analysis Report is appended to the Annual Report.

## 8. LISTING INFORMATION

The Equity Shares in the Company are in dematerialized form and is listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Listing Fee has been paid to the Stock Exchanges for the year 2012-13. The ISIN No. of the Company is INE528K01011

## 9. CREDIT RATING

Company has appointed Fitch Ratings India Private Limited (hereinafter referred to as "Fitch") as Credit Rating agency. Fitch has assigned rating 'D' for Financial Assistance from Lenders. However, the management of the Company has not accepted the ratings so assigned and prefer the same for review by the Committee of Fitch.

## 10. FIXED DEPOSITS

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

## 11. 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.

## 12. 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.

## 13. 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.

#### 14. CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to the fulfillment of its social responsibility to society in general and those living in the vicinity of its facilities in particular. It regards this as a thrust activity area.

#### 15. PERSONNEL, INDUSTRIAL RELATIONS AND MARKETING

Our employees form the backbone of our organization. A remuneration policy, which rewards achievement and is in line with the best industry practices, is consistently followed. Training to improve on the job skills is an integral part of our human resource policy and is practiced across all functions within the organization. Industrial relations have remained harmonious throughout the year.

Your Company relies on its sales teams to deliver revenue growth, and entrust to them their most valuable assets - customers. In turn, your Company's sales teams brought a remarkable growth in the sales volume and profit margin irrespective of cut throat competition.

#### 16. BOARD OF DIRECTORS

The Board of Directors comprises of Six Directors of which Three are Independent Directors. Mr. Jyotirindra Nath Dey, Director of your Company, retires from the Board by rotation and eligible for re-election.

With effect from February 14, 2012 Mr. Virendra Kumar Keshari, Director of the Company has tendered resignation from the Directorship of the Company. At the Board Meeting held on 29th March, 2012 Mr. Piyush Kankrania was appointed as an Additional Director of the Company. The Committees of the Board of Directors of the Company was reconstituted as Mr. Virendra Kumar Keshari resigned from the Board of Directors of the Company. Mr. Piyush Kankrania was introduced in the various Committees of the Board. Mr. Piyush Kankrania has been appointed as the Chairman of the Audit Committee and is member in Remuneration Committee and Share Transfer and Shareholders'/Investors' Grievance Committee of the Board of Directors.

#### 17. STATUS OF THE PROJECTS

Captive Power Plant and Structural Mill Unit (forming part of Re-rolled products unit) started commercial operation from July 25, 2011 and April 12, 2012 respectively. Other Units of the project are already operational.

#### 18. REDETERMINATION IN THE PRODUCTION CAPACITY

Production capacity of various units of the Company has

been re-determined as under.

- i. Steel Melt Shop (Re-Rolled products) : 1,18,800 MTPA
- ii. Rolling Mill (M.S.Billets) : 1,18,800 MTPA
- iii. Flour Mill : 1,18,800 MTPA
- iv. Sponge Iron (DRI) : 99,000 MTPA
- v. Captive Power Plant (CPP) : 18 MW

#### 19. 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 Rs. 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 Rs. 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.

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 abolished the existing Scheme of Subsidies and Incentives given to the Industries having a Fixed Capital Investment of above Rs. 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 Honorable High Court of Allahabad, Lucknow Bench, Uttar Pradesh.

#### 20. SHARE CAPITAL

Authorised Share Capital of the Company has been increased from Rs. 28.00 Crores to Rs. 30.00 Crores. At the end of the 2011-12, your Company's Paid-up Equity Share Capital remained at Rs. 26,76,65,050/- (comprising of 2,67,66,505 Equity Shares of Rs. 10/- each).

## 20. PROMISE VIS-À-VIS PERFORMANCE

Sl. Nos.	Project Unit	Expected Date of Completion	Actual Date of Completion	Reason for delay, if any
1.	Setting up of Flour Mill	March, 2009	March, 2009	N.A.
2.	Setting up of Mild Steel Billets	May, 2009	May, 2009	N.A.
3.	Setting up of Re-Rolled Products	May, 2009	May, 2009	N.A.
4.	Setting up of Structural Mill Unit	March, 2011	April, 2012	Delay is due to technical reason.
5.	Setting up of Sponge Iron manufacturing unit	September, 2010	October, 2010	Commercial Operation started from 3rd October, 2010.
6.	Setting up of Captive Power Plant	March, 2011	July, 2011	Delay in availability and supply of the parts and machineries for the Captive Power Plant.

## 22. ACKNOWLEDGEMENT

Your Directors would like to record its appreciation for the co-operation and support received from its employees, shareholders, Government agencies and all stakeholders.

On behalf of the Board

Place : Kolkata  
Date : August 13, 2012

**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

(Rs. in lacs)

A.	Power & Fuel Consumption	2011-12	2010-11
1.	Electricity		
	(a) Purchased		
	Total Unit in Lacs KWH	518.95	646.42
	Amount Rs. in Lacs	2214.64	2714.91
	Rate Per Unit (Rs.)	4.27	4.19