

ANNUAL REPORT
2009 - 2010



GALANTT
METAL LIMITED

Message to Shareowners

Dear Shareowners,

It is my privilege to present you the 6th Annual Report of your Company. Fiscal 2009-10 has been marked with challenges and opportunities and was significant one for the economy and your Company. Before I dwell upon the performance of your Company in the year ended 31st March, 2010 let me put in perspective the overall business environment.

Economic and Steel Scenario

The Global Economy, which was stunted by the impact of unprecedented 'Global Meltdown' of 2008-09 witnessed gradual recovery through the last year, supported largely by extraordinary policy intervention by the Governments of countries across the globe. In contrast to advanced economies, Indian Economy saw a comparatively stronger and faster recovery during the year 2009-10. India registered a strong come-back in 2009-10 displaying its ability to withstand extreme external adversities, which destabilized major economies. The economy recorded a higher growth rate of 7.4% as compared to 6.7% during the previous year.

When we entered the financial year, demand environment was very uncertain. Steel being at the core of economic progress witnessed an unprecedented downturn in 2009-10. In particular, demand from housing and automobiles, the two main consumers of steel, contracted. After eight years of positive growth, global crude steel production declined by 1.4 percent in 2008-09. The year 2009-10, which was perceived to be a year of recovery, saw a further decline of 8 percent from 1329 million tonnes in 2008-09 to 1223 million tonnes for the fiscal 2009-10. The decline in Japan, the US, Germany, Russia and South Korea has been even more severe. The US was impacted the most, with steel production showing a decline of 36.4 per cent, followed by Germany and Japan, which posted negative growth of over 25 percent. South Korea was also affected in the wake of falling demand for ships - another major consumer of steel. The European Union also saw a nearly 30 per cent dip in 2009, according to World Steel Association data.

Indian steel industry stood out in the global steel industry due to its resilience during the downturn. While the steel production in the world dipped by 8% in 2009, it registered a growth of around 4% in this period.

India is the 5th Largest producer of steel in the world and it was expected that it will become 2nd largest by 2015 on the back of the capacity addition and is also the world's largest producer of DRI with around 21 Million tonnes of Production during 2009-10.

Highlights of Your Company's Performance

The fiscal year 2009-10 would be marked as an important year for the Company. During the year, your Company took various strategic initiatives to improve its volumes and profitability, which helped the Company to post an impressive performance for the year. During the year Company has reported a turnover of Rs. 43411.59 Lacs. Company has posted a Profit Before Tax (PBT) Rs. 3592.64 Lacs and Profit After Tax (PAT) Rs. 2,354.89 Lacs which is respectively high by 75% and 67% in comparison to the PBT and PAT of last fiscal year 2008-09. The various cost reduction initiatives taken by the Company, such as, increased coal



injection in blast furnace, higher captive power generation, etc. along with lower input costs led to reduction in cost of production.

Future Outlook

Even though the real estate and housing sector showed marked decline during this period, the same was compensated by sustained growth in sectors like infrastructure, manufacturing and automobiles.

Capitalizing on the high degree of domestic dependency, low credit leverage and debt exposure and the Government's thrust on infrastructure creation are expected to accelerate the Indian economy in 2010-11 and beyond. Preliminary guidance by the Central Government for the economic growth in 2010-11 is estimated at 8.2% and 9% in 2011-12. Indian Steel demand continued to follow the footsteps of the Indian Economy, growing by 7.6% (Provisional).

India's per capita steel consumption is 48 kg in Financial Year 2009-10 compared to the world average of 190 kg. Within the country the semi-urban and rural sector has significant growth opportunities due to its low per capita consumption as compared to urban area. This will present an attraction opportunity for the industry to expand the existing capacities and create further green field capacities, considering that around 70% of the Indian population is rural.

Conclusion

On behalf of your Board, I would like to thank all my colleagues for their support and understanding throughout the year as well as to all shareowners and investors for the trust they have reposed in the Company over the years.

I would also like to convey my personal gratitude to my colleagues on the Board for their guidance, support and cooperation.

Thanking you,

Yours truly,

Chandra Prakash Agarwal
Chairman

Kolkata, the 2nd August, 2010

Corporate Information

Board of Directors

Mr. Chandra Prakash Agarwal
Chairman & Managing Director

Mr. Dinesh R. Agarwal
Whole-time Director

Mr. Nitin M. Kandoi
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

A. K. Meharia & Associates
Chartered Accountants

Company Secretary

Mr. Rajesh Upadhyaya

Registered Office

11, Crooked Lane, Second Floor
Kolkata - 700 069
Telefax : (033) 2231 2429
Website : www.gallantt.com

Works

Survey No. 175/1
Village : Samakhyali
Taluka : Bachau
District : Kutch, Gujarat

Bankers

State Bank of India
Bank of Baroda
State Bank of Indore
State Bank of Hyderabad
State Bank of Mysore
UCO Bank
State Bank of Travancore
State Bank of Patiala
ICICI Bank
HDFC Bank

Equity Shares Listed on

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

Registrar & Share Transfer Agent

Niche Technologies Pvt. Ltd.
D-511, Bagree Market
71, B. R. B. Basu Road, Kolkata - 700 001
Phone : (033) 22357270/7271/3070/2234
Fax : (033) 2215 6823

Audit Committee

Mr. Virendra Kumar Keshari - *Chairman*
Mr. Rajesh Kumar Jain
Mr. Jyotirindra Nath Dey

Share Transfer and Shareholders'/Investors' Grievance Committee

Mr. Rajesh Kumar Jain - *Chairman*
Mr. Virendra Kumar Keshari
Mr. Jyotirindra Nath Dey

Remuneration Committee

Mr. Jyotirindra Nath Dey - *Chairman*
Mr. Virendra Kumar Keshari
Mr. Rajesh Kumar Jain

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Notice

Notice is hereby given that the Sixth Annual General Meeting of GALLANTT METAL LIMITED will be held on Friday, 24th September, 2010 at 11.30 A.M. at - EZCC, 'Aikatan', IA – 290, Sector III, Salt Lake City, Kolkata – 700 097 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. Rajesh Kumar Jain, 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. A. K. Meharia & Associates, 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

4. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :
“RESOLVED THAT pursuant to Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act 1956, including any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, consent of the Company, be and is hereby accorded for increase in remuneration of Mr. Chandra Prakash Agarwal, Managing Director of the Company from existing Rs. 28,000 per month to Rs. 1,00,000 per month effective from 1st April, 2010 for the remaining period of his appointment i.e. upto 31st August, 2010 as set out in the explanatory statement to resolution with liberty to the Board of Directors (herein after referred to as “Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the said remuneration in such form and manner or with such modifications as the Board may deem fit and agreed to by Mr. Chandra Prakash Agarwal.”
“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”
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 Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of

the Companies Act 1956, including any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, consent of the Company, be and is hereby accorded for increase in remuneration of Mr. Dinesh R. Agarwal, Whole-time Director of the Company from existing Rs. 23,000 per month to Rs. 1,00,000 per month effective from 1st April, 2010 for the remaining period of his appointment i.e. upto 31st October, 2010 as set out in the explanatory statement to resolution with liberty to the Board of Directors (herein after referred to as “Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the said remuneration in such form and manner or with such modifications as the Board may deem fit and agreed to by Mr. Dinesh R. Agarwal.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

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 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. 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 September, 2010 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 Rs. 1,00,000/- (Rupees One Lac only) per month from 1st September, 2010 in the scale of Rs. 1,00,000-10,000-2,00,000/- with provision for annual increment of Rs. 10,000/- from the beginning of the Financial Year i.e. 1st April, 2011.

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 Rs. 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 from the date of his appointment.

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 re-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."

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 the provisions of Sections 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. Dinesh R. 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 November, 2010 retiring by rotation on such terms and conditions, emoluments, perquisites and benefits as set out in the agreement entered into between the Board of Directors and Mr. Dinesh R. Agarwal an abstract of which are detailed hereinbelow :

REMUNERATION

Salary : At the rate of Rs. 1,00,000/- (Rupees One Lac only) per month from 1st November, 2010 in the scale of Rs. 1,00,000-10,000-2,00,000/- with provision for annual increment of Rs. 10,000/- from the beginning of the Financial Year i.e. 1st April, 2011.

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 Rs. 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 from the date of his appointment.

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 re-appointment and/ or Agreement in such manner as may be agreed to between the Board of Directors and Mr. Dinesh R. 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."

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 Register of Members and Share Transfer Books of the Company will be closed from 17th September, 2010 to 24th September, 2010 (both days inclusive) in connection with the Annual General Meeting.
3. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Businesses at item No. 4, 5, 6 & 7 of the notice is annexed hereto.
3. Members are requested to bring their copies of the Annual Report, as copies of the Report will not be distributed again at the Meeting.
4. 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.
5. 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.
6. 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.

Registered Office :

11, Crooked Lane,
Second Floor,
Kolkata - 700 069
Date : 2nd August, 2010

By Order of the Board

Rajesh Upadhyaya
Company Secretary

EXPLANATORY STATEMENT

Item No. 4

Mr. Chandra Prakash Agarwal was appointed as Managing Director of the Company for a period of five years with effect from 1st September, 2005. Since with the increase in volume of business the workload of Mr. Chandra Prakash Agarwal has considerably increased, the Remuneration Committee reviewed his remuneration and has recommended to the Board of Directors the increase in remuneration from Rs. 28,000 per month to Rs. 1,00,000 per month w.e.f. 1st April, 2010 for his remaining tenure i.e. upto 31st August, 2010. The Board has accordingly decided to increase the remuneration of Mr. Chandra Prakash Agarwal as recommended by the Remuneration Committee subject to approval of the members of the Company.

Minimum Remuneration

In absence or inadequacy of profits the remuneration as set out above may be paid as the minimum remuneration to Mr. Chandra Prakash Agarwal.

Pursuant to the provisions of Section 269 read with Schedule XIII of the Companies Act 1956, the approval of the members is required to be obtained for increase in remuneration of Mr. Chandra Prakash Agarwal w.e.f. 01.04.2010 as proposed in the resolution.

The Board recommends the resolution for the approval of the members through special resolution.

None of the Directors of the Company are concerned or interested in this resolution. Mr. Chandra Prakash Agarwal may, however, be deemed to be concerned or interested in the resolution.

Item No. 5

Mr. Dinesh R. Agarwal was appointed as Whole-time Director of the Company for a period of five years with effect from 1st November, 2005. Since with the increase in volume of business the workload of Mr. Dinesh R. Agarwal has considerably increased, the Remuneration Committee reviewed his remuneration and has recommended to the Board of Directors the increase in remuneration from Rs. 23,000 per month to Rs. 1,00,000 per month w.e.f. 1st April, 2010 for his remaining tenure i.e. upto 31st October, 2010. The Board has accordingly decided to increase the remuneration of Mr. Dinesh R. Agarwal as recommended by the Remuneration Committee subject to approval of the members of the Company.

Minimum Remuneration

In absence or inadequacy of profits the remuneration as set out above may be paid as the minimum remuneration to Mr. Dinesh R. Agarwal.

Pursuant to the provisions of Section 269 read with Schedule XIII of the Companies Act 1956, the approval of the members is required to be obtained for increase in remuneration of Mr. Dinesh R. Agarwal w.e.f. 01.04.2010 as proposed in the resolution.

The Board recommends the resolution for the approval of the members through special resolution.

None of the Directors of the Company are concerned or interested in this resolution. Mr. Dinesh R. Agarwal may, however, be deemed to be concerned or interested in this resolution.

Item No. 6

The tenure of Mr. Chandra Prakash Agarwal as Managing Director was upto 31st August, 2010. Subject to the approval of the Shareholders in the next General Meeting, the Board of Directors have at their Meeting held on 29th May, 2010, pursuant to the recommendation 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 September, 2010. He is a Bachelor of Commerce from Gorakhpur University having multifunctional experience of twenty three years. He is very well versed in all aspects of marketing, finance, costing, technical matters and administration. He is aged about 54 years. The proposed remuneration will be within overall limit of Schedule XIII of the Companies Act, 1956.

He holds directorship in the following Company :

(a) Gallantt Ispat Limited

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. 01.09.2010.
3. **Remuneration :**

Salary : At the rate of Rs. 1,00,000/- (Rupees One Lac only) per month from 1st September, 2010 in the scale of Rs. 1,00,000-10,000-2,00,000/- with provision for annual increment of Rs. 10,000/- from the beginning of the Financial Year i.e. 01.04.2011

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 Rs. 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 from the date of his appointment.

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

The proposed resolution is required to be passed as a Special Resolution as per Schedule XIII to the Companies Act, 1956.

The relevant abstract, as required under Section 302 of the Companies,

1956 had already been sent to the shareholders of the Company at the time of approval of the Board.

The Board recommends adoption of the resolution.

Mr. Chandra Prakash Agarwal may be interested or concerned in the said resolution. None of the other Directors are interested or concerned in the aforesaid resolution.

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. 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 Sixth 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

The tenure of Mr. Dinesh R. Agarwal as a Whole-time Director was upto 31st October, 2010. Subject to the approval of the Shareholders in the next General Meeting, the Board of Directors have at their Meeting held on 29th May, 2010, pursuant to the recommendation of the remuneration committee, approved the re-appointment of Mr. Dinesh R. Agarwal as a Whole-time Director of the Company for a period of 5 years w.e.f. 1st November, 2010. He is a Bachelor of Commerce having multifunctional experience of twenty two years. He is very well versed in all aspects of marketing, finance, costing, technical matters and administration. He is aged about 43 years. The proposed remuneration will be within overall limit of Schedule XIII of the Companies Act, 1956.

He holds directorship in the following Companies :

- (a) Ganesh Laxmi Processors Private Limited
- (b) Kadodara Power Private Limited

Briefly, the terms and conditions of the re-appointment and remuneration of Mr. Dinesh R. 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. 01.11.2010.
3. **Remuneration :**

Salary : At the rate of Rs. 1,00,000/- (Rupees One Lac only) per month from 1st November, 2010 in the scale of Rs. 1,00,000-10,000-2,00,000/- with provision for annual increment of Rs. 10,000/- from the beginning of the Financial Year i.e. 01.04.2011.

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 Rs. 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 from the date of his appointment.

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

The proposed resolution is required to be passed as a Special Resolution as per Schedule XIII to the Companies Act, 1956.

The relevant abstract, as required under Section 302 of the Companies, 1956 had already been sent to the shareholders of the Company at the time of approval of the Board.

The Board recommends adoption of the resolution.

Mr. Dinesh R. Agarwal may be interested or concerned in the said resolution. None of the other Directors are interested or concerned in the aforesaid resolution.

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. Dinesh R. 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. Dinesh R. Agarwal in terms of the Special Resolution under item No. 7 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 Sixth 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.

Registered Office :

11, Crooked Lane,
Second Floor,
Kolkata - 700 069
Date : 2nd August, 2010

By Order of the Board

Rajesh Upadhyaya
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	43,311.59	44,111.22
Other Income	116.12	236.79
Profit before Interest, Depreciation and Tax	6,521.38	5,163.52
Less : Interest	1,400.61	1,816.94
Profit before Depreciation & Tax	5,120.77	3,346.58
Less : Depreciation (including amortization)	1,528.13	1,296.53
Profit before Tax	3,592.64	2,050.05
Provision for Tax		
- Current	611.07	232.28
- Deferred	626.46	398.60
- Fringe Benefit tax	–	5.50
- Earlier year	0.22	0.17
Profit after Tax	2,354.89	1,413.50

PERFORMANCE REVIEW

During the year your Company has reported a turnover of Rs. 43,311.59 Lacs. The operating profit stood at Rs. 6,521.38 Lacs. The Profit before Tax (PBT) stood at Rs. 3,592.64 Lacs and Profit after Tax (PAT) remains Rs. 2,354.89 Lacs which is respectively high by 75% and 67% in comparison to the PBT and PAT of last fiscal year 2008-09. During the current Financial year, your Company took various strategic initiatives to improve its volumes and profitability, which helped the Company to post an impressive performance for the year. Yours Directors are pleased to report an excellent performance of the Company in terms of both financial and operational performance.

DIVIDEND

In view of conserving resources of the Company for future plan and to strengthen its fund and liquid position, Directors are unable to recommend any dividend.

DIRECTORS' RESPOSIBILITY 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, 2010.

- 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.

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, 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.

INITIAL PUBLIC OFFER OF EQUITY SHARES BY GALLANTT ISPAT LIMITED

M/s. Gallantt Ispat Limited, Group Company of 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.

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 2010-11. The ISIN No. of the Company is INE297H01019.

FIXED DEPOSITS

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

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.

AUDITORS & AUDITORS' REPORT

M/s. A. K. MEHARIA & ASSOCIATES, 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.

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.

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.

DIRECTORS

At the meeting held on 1st August, 2009 Mr. Virendra Kumar Keshari was appointed as an Additional Director of the Company and at the same meeting Mr. Sushil Kumar Agrawal has resigned from the Board of the Company. Further, at the last Annual General Meeting of the Company held on 23rd September, 2009 Mr. Virendra Kumra Keshari was appointed as a Director. The Committees of the Board of Directors of the Company was reconstituted as Mr. Sushil Kumar Agrawal resigned from the Board of Directors of the Company. In place of Mr. Sushil Kumar Agrawal, Mr. Virendra Kumar Keshari was introduced in the various Committees of the Board. Mr. Virendra Kumar Keshari 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 of the Company.

Mr. Nitin M Kandoi, Whole-time Director of the Company resigned from the whole-time employment of the Company. Now, he remains only Non-executive Non-Independent Director.

Mr. Maheshkumar Hukmichand Gupta and Mr. Manish Pukhraj Jajoo tendered their resignation from the Directorship of the Company with effect from 31st March, 2010.

Tenure of Office of Mr. Chandra Prakash Agarwal and Mr. Dinesh R. Agarwal comes to an end on 31st August, 2010 and 31st October, 2010 respectively. At the Board Meeting held on 29th May, 2010, Mr. Chandra Prakash Agarwal and Mr. Dinesh R. Agarwal were reappointed as a Managing Director and Whole-time Director respectively for a period of five years. Reappointment of Mr. Chandra Prakash Agarwal and Mr. Dinesh R. Agarwal is subject to the approval of the shareholders of the Company and shall be effective from 1st September, 2010 and 1st November, 2010 respectively.

Mr. Rajesh Kumar Jain, Director of your Company, retires from the Board by rotation and eligible for re-election.

ACKNOWLEDGEMENT

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

On behalf of the Board

Chandra Prakash Agrawal
Chairman

Place : Kolkata
Date : 2nd day of August, 2010

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
1. Electricity		
(a) Purchased		
Total Unit (in Lacs)	95.28	232.75
Amount (Rs. in Lacs)	836.51	1698.46
Rate Per Unit (Rs.)	8.78	7.30
(b) Own Generation		
Total Units (in Lacs)	1688.11	1215.16
Amount (Rs. in Lacs)	5027.42	5018.37
Rate per Unit (Rs.)	2.98	4.13
2. Coal		
Quantity (M.T.)	199450	168490
Total Cost (Rs. in Lacs)	7253.99	8670.40
Average Rate (Rs. per M.T.)	3637	5146
3. Furnace Oil		
Quantity (K. Ltrs.)	160.884	182.458
Total Cost (Rs. in Lacs)	34.04	44.10
Average Rate (Rs. / K. Ltrs.)	21158	24170
4. Light Diesel Oil		
Quantity (K. Ltrs.)	–	7.00
Total Cost (Rs. in Lacs)	–	2.06
Average Rate (Rs. / K. Ltrs.)	–	29429
B. Consumption per unit of production		
1. Electricity (Unit/M.T.)		
- Sponge Iron	73	85
- Rolling	95	94
- SMS (Furnace)	800	775
2. Coal		
- Sponge Iron (Kg/M.T.)	1136	1177
- Rolling (M.S. Bar) (Kg./M.T.)	88	86
- Power Plant (Per 1000 KWH)	557	630