

ANNUAL REPORT
2009 - 2010



GALANT
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,

A handwritten signature in black ink, appearing to be 'CPA'.

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

Contents

Notice	2	Directors' Report	6	Corporate Governance	9
Management Discussion & Analysis	18	Auditors' Report	20	Balance Sheet	22
Profit & Loss Account	23	Cash Flow Statement	24	Schedules to Accounts	25
Balance Sheet Abstract	36				

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.

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.

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.

Place : Kolkata

Date : 2nd day of August, 2010

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

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

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. The Information on foreign exchange earnings and outgo has been discussed in schedule T, point no. 7 (Notes on accounts)

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

CORPORATE GOVERNANCE PHILOSOPHY

A good governance process provides transparency of corporate policies, strategies and the decision making process and also strengthens internal control systems and helps in building relationship with all stakeholders. The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. Gallantt Metal Limited is committed to adopting the best global practices of Corporate Governance in its pursuit to achieve excellence in its operations. It is believed that the imperative for good Corporate Governance lies not merely in drafting a code of Corporate Governance but in practicing it. Your Company confirms the compliance of Corporate Governance as contained in Clause 49 of the Listing Agreement with the Stock Exchanges, the details of which are given hereunder :

I. BOARD OF DIRECTORS**Size and Composition of the Board**

The Board is balanced comprising Executive and Non-Executive Directors. The Non-Executive Directors include independent professionals. The Board has been constituted in such a way that it has understanding and competence to deal with current and emerging business issues. The Board has strength of Six Directors as on 31st March, 2010. Our Board of Directors has Three Independent Directors.

During the financial year ended 31st March, 2010 Twelve meetings of the Board were held on 20th April, 2009, 24th April, 2009, 30th June, 2009, 16th July, 2009, 1st August, 2009, 11th August, 2009, 10th October, 2009, 30th October, 2009, 27th November, 2009, 13th January, 2010, 12th February, 2010 and 31st March, 2010. The details regarding the attendance of Directors at the Board Meetings, Number of other Directorships and Committee positions held by them in other Companies as on 31st March, 2010 are given :

GALLANTT METAL LIMITED

Name & Designation of the Directors	Category/ Position	Last Annual General Meeting Attended	No. of Board Meetings Attended out of 12 meetings held during the year	No. of other Directorships	Committee Positions held	
					Chairman	Member
Mr. Chandra Prakash Agarwal Chairman & Managing Director	Executive/ Promoter	Yes	12	1	Nil	Nil
Mr. Nitin M Kandoi Director	Non-Executive Non-Independent/ Promoter	No	9	1	Nil	Nil
Mr. Dinesh R. Agarwal Whole-time Director	Executive/ Promoter	No	8	Nil	Nil	Nil
Mr. Sushil Kumar Agrawal	Non-Executive/ Independent	Yes	3	1	Nil	Nil
Mr. Jyotirindra Nath Dey	Non-Executive Independent	Yes	12	2	1	2
Mr. Rajesh Kumar Jain	Non-Executive/ Independent	No	8	1	1	2
Mr. Maheshkumar H. Gupta Whole-time Director	Executive/ Promoter	No	6	Nil	Nil	Nil
Mr. Manish Pukhraj Jajoo	Non-Executive/ Independent	No	5	Nil	Nil	Nil
Mr. Virendra Kumar Keshari	Non-Executive/ Independent	Yes	7	1	1	2

Notes :

- Mr. Sushil Kumar Agrawal, Mr. Rajesh Kumar Jain, Mr. Jyotirindra Nath Dey and Mr. Manish Pukhraj Jajoo 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. Mr. Sushil Kumar Agrawal has resigned from the Directorship of the Company and Mr. Virendra Kumar Keshari has been introduced in the Board as a Non-executive Independent Director.
- Mr. Maheshkumar Hukmichand Gupta and Mr. Manish Pukhraj Jajoo have resigned from the Directorship of the Company with effect from 31st March, 2010.
- Other Directorships of only Indian Public Limited Companies have been considered.
- 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.

Changes in Composition of the Board of Directors since last Report

Mr. Manish Pukhraj Jajoo and Mr. Maheshkumar Hukmichand Gupta resigned from the Directorship effective from 31st March, 2010. Mr. Nitin M Kandoi has resigned from the whole-time employment of the Company. Now, he is Non-Executive Director on the Board of the Company. At the Board Meeting held on 1st August, 2009, Mr. Virendra Kumar Keshari has been appointed as an Additional Director and was appointed as a Director at the last Annual General Meeting of the Company held on 23rd September, 2009.

Reappointment of Directors

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

(a) Name of the Director	Mr. Rajesh Kumar Jain
Date of Birth	10.01.1968
Date of Appointment	30.11.2005
Qualifications	B. Com(H), Chartered Accountant
Experience	Mr. Rajesh Kumar Jain is a Chartered Accountant, and is proprietor of Rajesh Sushil & Co., Chartered Accountants. He has an overall experience of over 8 years in the field of taxation, accounts, finance and Company Law matter.
Directorship in other Companies	1. Gallantt Ispat Limited
Membership/Chairmanship of Committees of the other public companies on which he is a Director.	1. Chairman, Share Transfer & Shareholders/Investors Grievance Committee, GALLANTT ISPAT LIMITED.. 2. Member, Remuneration Committee, GALLANTT ISPAT LIMITED. 3. Member, Audit Committee, GALLANTT ISPAT LIMITED.
No. of Shares held in the Company	Nil
(b) Name of the Director	Mr. Chandra Prakash Agarwal
Date of Birth	25.11.1955
Date of Appointment	01.04.2005
Qualifications	B. Com.
Experience	Mr. Chandra Prakash Agarwal has an overall experience of 23 years including 13 years of experience in the steel industry. He is associated with M/s. Gallantt Ispat Limited, a company having Integrated Steel Plant at Gorakhpur. He is Chairman and Managing Director of the Company and heading the General Administration & Finance of the Company.
Directorship in other Companies	Gallantt Ispat Limited
Membership/Chairmanship of Committees of the other public companies on which he is a Director	Nil
No. of Shares held in the Company	6,50,000
(c) Name of the Director	Mr. Dinesh Kumar Raghbir Prasad Agarwal
Date of Birth	13.12.1967
Date of Appointment	11.02.2005
Qualifications	B.Com.
Experience	Mr. Dineshkumar Raghbir Prasad Agarwal is a Commerce Graduate and has an overall experience of around 22 years including 17 years of experience in textiles sector.
Directorship in other Companies	Ganesh Laxmi Processors Private Limited Kadodara Power Private Limited
Membership/Chairmanship of Committees of the other public companies on which he is a Director	Nil
No. of Shares held in the Company	2,10,000

Code of Conduct

The code of conduct in line with the provisions of clause 49 of the Listing Agreement has been framed / adopted by the Board and is applicable to all the members of the Board and Senior Management Executives. This Code forms an integral part of the Company's Governance Policy. The Code has been posted on the website of the Company www.gallantt.com

Declaration affirming compliance of Code of Conduct

A declaration by the Managing Director and CEO affirming compliance of Board members and Senior Management personnel to the Code is also annexed herewith.

Declaration signed by the Managing Director & CEO

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2010.

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

For **Gallantt Metal Limited**
Chandra Prakash Agarwal
Managing Director & CEO

II. COMMITTEES OF THE BOARD**Audit Committee**

The Company has an Audit Committee 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.

During the year ended 31st March, 2010, the Audit Committee comprised of Mr. Sushil Kumar Agrawal, an Independent Director, as the Chairman and Mr. Jyotirindra Nath Dey and Mr. Rajesh Kumar Jain all independent Directors as Members. Mr. Rajesh Upadhyaya, Company Secretary acts as the Secretary to the Committee.

Effective from August 01, 2009 Mr. Sushil Kumar Agrawal relinquished Chairmanship of the Audit Committee (as resigned from the Board). Mr. Virendra Kumar Keshari, Non-executive Independent Director, was appointed as Chairman of the Committee.

Mr. Virendra Kumar Keshari, Chairman of the Audit Committee attended the last Annual General Meeting held on 23rd September, 2009.

The Committee, in addition to other business reviews the quarterly (unaudited) financial results, annual accounts, before submitting to the Board of Directors. During the year 2009-10, six meetings were held on 20th April, 2009, 30th June, 2009, 16th July, 2009, 11th August, 2009, 30th October, 2009 and 13th January, 2010.

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

Names	Designation	Category	Committee Meeting Attended
Mr. S. K. Agrawal*	Chairman*	Independent	3
Mr. V. K. Keshari	Chairman	Independent	3
Mr. J. N. Dey	Member	Independent	6
Mr. R. K. Jain	Member	Independent	4

*Resigned from the Committee with effect from 1st August, 2009 and Mr. Virendra Kumar Keshari was appointed as a Chairman with effect from 1st August, 2009.

Remuneration Committee

During the year ended 31st March, 2010, the Remuneration Committee comprised of Mr. Jyotirindra Nath Dey, an Independent Director, as the Chairman and Mr. Sushil Kumar Agrawal and Mr. Rajesh Kumar Jain all independent Directors as Members. Mr. Rajesh Upadhyaya, Company Secretary acts as the Secretary to the Committee.

Effective from August 01, 2009 Mr. Sushil Kumar Agrawal relinquished Membership of the Audit Committee (as resigned from the Board). Mr. Virendra Kumar Keshari, Non-executive Independent Director, was appointed as Member of 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. During the year 2009-10, two meetings of the Remuneration Committee were held on 1st August, 2009 and 31st March, 2010.

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

Names	Designation	Category	Committee Meeting Attended
Mr. J. N. Dey	Chairman	Independent	2
Mr. V. K. Keshari	Member	Independent	2
Mr. R. K. Jain	Member	Independent	2
S. K. Agrawal*	Member	Independent	-

*Mr. Sushil Kumar Agrawal resigned from the Remuneration Committee with effect from 1st August, 2009 and Mr. Virendra Kumar Keshari was appointed as a Member with effect from 1st August, 2009.

Remuneration of Directors

(a) Executive Directors (Managing / Wholetime Directors)

The aggregate value of salary and perquisites paid for the year ended 31st March, 2010 to Managing/Wholetime Directors are as follows :

Name	Designation	Aggregate Value of Salary & Perquisites (Rs.)
Mr. Chandra Prakash Agarwal	Managing Director	3,12,000/-
Mr. Dinesh R. P. Agarwal	Whole-time Director	2,52,000/-
Mr. Nitin M. Kandoi*	Whole-time Director	1,44,774/-
Mr. Maheshkumar Hukmichand Gupta**	Whole-time Director	2,49,290/-

*Mr. Nitin M Kandoi resigns from the whole-time employment of the Company and continues as a Non-Executive Non-Independent Director of the Company.

**Mr. Maheshkumar Hukmichand Gupta resigns from the Director and Whole-time Directorship of the Company with effect from 31st March, 2010.

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

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 pays sitting fees of Rs. 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, 2010, the Share Transfer & Shareholders/Investors Grievance Committee comprised of Mr. Rajesh Kumar Jain, an Independent Director, as the Chairman and Mr. Sushil Kumar Agrawal and Mr. Jyotirindra Nath Dey all independent Directors as Members. Mr. Rajesh Upadhyaya, Company Secretary acts as the Secretary to the Committee and also as the Compliance Officer.

Effective from August 01, 2009 Mr. Sushil Kumar Agrawal relinquished Membership of the Share Transfer & Shareholders / Investors Grievance Committee of the Board (as resigned from the Board). Mr. Virendra Kumar Keshari, Non-executive Independent Director, was appointed as Member of the Committee.

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 rajeshupadhyaya@gallantt.com designated exclusively for the purpose.

During the year 2009-10, two meetings of the Share Transfer & Shareholders/Investors Grievance Committee were held on 1st August, 2009 and 9th September, 2009.

GALLANTT METAL LIMITED

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

Names	Designation	Category	Committee Meeting Attended
Mr. J. N. Dey	Chairman	Independent	2
Mr. S. K. Agrawal*	Member	Independent	-
Mr. V. K. Keshari	Member	Independent	2
Mr. R. K. Jain	Member	Independent	2

* Effective from August 01, 2009 Mr. Sushil Kumar Agrawal relinquished Membership of the Share Transfer & Shareholders/ Investors Grievance Committee (as resigned from the Board). Mr. Virendra Kumar Keshari, Non-executive Independent Director, was appointed as Member of the Share Transfer & Shareholders/Investors Grievance Committee.

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

III. SUBSIDIARY COMPANY

Company has no Subsidiary Company(s).

IV. DISCLOSURES

- 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
2009	EZCC, 'Aikatan', IA - 290, Sector - III, Salt Lake City, Kolkata - 700 097	23.09.2009	12.00 Noon
2008	Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017	18.09.2008	11.00 A.M.
2007	EZCC, 'Aikatan', IA - 290, Sector - III, Salt Lake City, Kolkata - 700 097	27.09.2007	11.00 A.M.

Details of Resolutions passed through Postal Ballot

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

Compliance Certificate

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

Means of Communication

The Quarterly, half yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These 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

Management Discussion & Analysis Report

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

Compliance Officer

The Board has designated Mr. Rajesh Upadhyaya, Company Secretary as the Compliance Officer.

Address : 11, Crooked Lane, Second Floor, Kolkata - 700 069.

Telefax : +91-33-22312429

SHAREHOLDERS INFORMATION

1. Date, Time and Venue of 6th AGM
24th September, 2010 at 11.30 A.M.
at EZCC, 'Aikatan', IA - 290, Sector - III, Salt Lake City
Kolkata – 700 097
2. Financial Calender
1st April to 31st March
3. Dates of book closure
17th September, 2010 to 24th September, 2010
4. Listing on stock exchanges
Bombay Stock Exchange Ltd. (BSE)
National Stock Exchange of India Ltd. (NSE)
5. Listing fees for 2010-11
Paid for both the Stock Exchanges
6. Electronic Connectivity
National Securities Depository Ltd. (NSDL) &
Central Depository Services (India) Ltd.
7. Registered Office
11, Crooked Lane, Second Floor, Kolkata - 700 069.
Telefax : +91-33-22312429; Fax : +91-33-22312429
Website : gallantt.com E-mail : gml@gallantt .com
8. Works Office
Near Toll Gate, Village : Kamakhya, Taluka : Bachau,
District : Kutch, Gujarat. Telefax : +91-2837-283555/557
9. Registrar and Share Transfer Agent
Share transfers in physical form and other communication
regarding share Transfer, certificates, change of address, etc.
may be addressed to:
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
Contact Person : Mr. S. Abbas
E-mail : gml@nichetechpl.com
Website : www.nichetechpl.com

10. Stock Market Data

Monthly closing high and low quotations of shares traded on Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited for the Year 2009-10.

(Amount in Rs.)

Year 2009-10	BSE		NSE	
	High	Low	High	Low
April	17.00	10.26	17.00	10.30
May	20.70	13.27	20.90	13.20
June	22.40	15.00	22.60	14.65
July	18.00	13.10	17.50	13.25
August	20.85	13.40	21.25	13.60
September	19.50	16.55	19.65	16.95
October	18.75	14.80	21.00	14.60
November	19.10	13.70	19.00	13.75
December	35.80	16.75	35.50	16.85
January	39.35	27.30	39.40	27.30
February	32.40	26.05	32.50	25.50
March	34.00	25.30	34.00	25.55

GALLANTT METAL LIMITED

11. 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.

12. 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 99.27% of Equity Shares have been dematerialized as on 31st March, 2010.

13. Stock Code

Bombay Stock Exchange Limited 532726
National Stock Exchange of India Limited GALLANTT

14. Distribution of Shareholding

The distribution of shareholding as on 31st March, 2010 was as follows :

No. of Shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	6877	72.43	1508550	1.86
501-1,000	1201	12.65	1058171	1.30
1,001-5,000	1059	11.15	2548007	3.13
5,001-10,000	149	1.57	1155856	1.42
10,001-50,000	139	1.46	3093761	3.81
50,001-1,00,000	28	0.30	2034418	2.50
1,00,001 and Above	42	0.44	69923561	85.98
TOTAL	9495	100	81322324	100

Categories of shareholding as on 31st March, 2010

Category (as Gallantt reports to stock exchanges)	Shareholdings	% of Total
PROMOTERS' HOLDING :		
Promoters	43466655	53.45
Total Promoters' Holding	43466655	53.45
PUBLIC SHAREHOLDING :		
Institutional Investors		
Financial Institution Investor	5000000	6.15
Others		
Bodies Corporate	22063747	27.13
Individuals	9972117	12.26
NRI/OCBs	232506	0.29
Trust	7000	0.01
Clearing Memb/Clearing Cor (Demat shares in transit)	580299	0.71
Total Public Shareholding	37855669	46.54
GRAND TOTAL	81322324	100

15. Investor's Correspondence

For investor matters :
Rajesh Upadhyaya *Company Secretary and Compliance Officer*
Secretarial Department
Gallantt Metal Limited
11, Crooked Lane, Second Floor, Kolkata - 700 069 (W. B.)
Telefax : +99-33-22312429

16. 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

To the Members

Gallantt Metal Limited

We have examined the compliance of the conditions of Corporate Governance by Gallantt Metal Limited for the year ended 31st March, 2010, 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, 2010 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 **A. K. Meharia & Associates**

Chartered Accountants

A. K. Meharia

Partner

Membership No. 53918

Place : Kolkata

Date : 2nd August, 2010

CEO/CFO CERTIFICATION

The Board of Director

Gallantt Metal Limited

11, Crooked Lane, Second Floor,
Kolkata – 700 069.

Re : Financial Statements for the Financial year 2009-10 – Certificate by MD and Manager Accounts & Finance

We, Chandra Prakash Agarwal, Managing Director and Mr. Rajesh Upadhyaya, Manager Accounts & Finance and Company Secretary, of Gallantt Metal Limited on the review of financial statements and cash flow statement for the year ended 31st March, 2010 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, 2010 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 to 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.

Place : Kolkata

Date : 2nd August, 2010

Rajesh Upadhyaya

*Manager Accounts & Finance
and Company Secretary*

Chandra Prakash Agarwal

Managing Director

Management Discussion and Analysis Report

(forming part of the Report of the Directors for the year ended 31st March, 2010)

Business Environment

The world economy has been through a severe recession, the worst in the last 70 years, marked by financial turmoil, large scale destruction of wealth, and declines in global output and trade. Fiscal 2009-10 witnessed the turbulence pain and panic from the unprecedented Economic and Financial Crisis adversely impacting the Global Economic growth. Global economic conditions appear to have improved on the back of co-ordinated fiscal and monetary policy measures taken by governments and central banks across the world. Even though the outlook for global growth has improved, the world is wary of a double dip, given the several risks and uncertainties that still persist and possibility of sovereign defaults continue to haunt the world in the near term. The IMF estimates suggest a positive economic rebound in 2010 with the Global economy registering a 4.2% growth; Advanced economies and the Emerging world growing by 2.3% & 6.3% respectively. Further, the WTO projects world trade to expand by 9.5% with the Advanced world growing by 7.5% and the Emerging world by 11%. Today, India remains among the fastest growing countries of the world and is poised to play a greater role in the global economy in the years to come.

Industry Outlook

The Global as well as Indian Steel Industry witnessed an unprecedented downturn in 2009. Advanced economies buckled under pressure of large inventories coupled with stand still demand; the rest of the world (excluding China and India) suffocated under low domestic demand. World crude steel production declined 8% from 1329 Million Tonnes in 2008 to 1223 Million Tonnes for the year 2009. Steel production declined in nearly all the major steel producing countries and regions including the EU, North America, South America and the CIS in 2009. However, Asia, in particular China and India, and the Middle East showed positive growth in 2009. Asia produced 799 Million Tonnes of crude steel in 2009, an increase of 3.6% compared to 2008; its share of world

steel production increased to 65% in 2009 from 58% in 2008. The global economic and financial crisis impacted steel consumption – consumption declined 6.7% from 1202 Million Tonnes in 2008 to 1121 Million Tonnes in 2009.

The steel industry in India has been moving from strength to strength and according to the Annual Report 2009-10 by the Ministry of Steel, India has emerged as the fifth largest producer of steel in the world and is likely to become the second largest producer of crude steel by 2015-16.

Steel production rose 4.2 per cent to reach 60 Million Tones in 2009-10, according to Ministry of Steel. India's steel consumption rose 8 per cent in the year ended March, 2010, over the same period a year ago on account of improved demand from sectors like automobile, infrastructure and housing. The country's steel consumption increased to 56.3 Million Tonnes in the previous year.

Opportunity and Threats

India's steel industry is catching up the pace and luring the steel majors from all over the world. As per Planning Commission, the 11th Five Year Plan targets to increase total investment in infrastructure from around 5% of GDP in the base year of 11th Five Year Plan to 9% by the terminal year of 11th Five Year Plan. The expected increase in infrastructure spend is positive for the steel industry. Moreover, in the Union Budget 2010-11, the government has allocated US\$ 37.4 billion to the infrastructure sector and has increased the allocation for the road transport by 13 per cent to US\$ 4.3 billion which will further promote the steel industry. To grab

“ In the Union Budget 2010-11, the government has allocated US\$ 37.4 billion to the infrastructure sector and has increased the allocation for the road transport by 13% to US\$ 4.3 billion which will further promote the steel industry ”

these opportunities, your Company is planning to start some new facilities.

Your Company is engaged in the production of steel and steel products. (TMT Bars, Billets, Ingots etc.). There is good potential for the Company, as in the western region there is substantial gap between demand and supply of finished steel and the Company has also expanded its market to sell production within the state of Gujarat, Maharashtra and Rajasthan.

The perceived threats for the Company are acute competition from existing steel Companies and also by new entrants in this field, increasing material cost, unremunerative prices and availability of good quality raw materials due to export of the same in raw form.

Risk & Concern

Steel Industry always runs risk of Industry cycle. The domestic steel industry carrying inherent risk in respect of imbalance in supply and demand apart from price sensitivity and demand volatility. The current market turmoil, which dented the growth curve of the automobile, infrastructure, construction sectors and declining trend of steel prices at global and domestic level may affect the progress of the steel industry. Lignite and Limestone are raw material in the manufacture of products of the Company. As such the export of these materials may affect the profitability of the Company. The Company has been taking continuous modernization programme to maintain efficient operations.

Internal Control System

The Company maintains periodical internal checks and conduct adequate internal audit, which provide safeguards and proper monitoring and vetting of transactions. The Company has always believed that transparency, system and controls are important factors in the success and growth of any organization. The Company employs adequate internal control systems supported by regular internal audit system. The Audit Committee of the Board of Directors of the Company inter alia conducts pre-audit and post-audit checks to ensure follow-up on the observations made by the team. During the year the Audit Committee met regularly to review the unaudited financial results of the Company, and to ascertain adequacy of internal control systems in the Company. Your Directors are satisfied with the adequacy of the same.

“ The in-house consumption of entire Sponge Iron for manufacturing Billets, which are further rolled into TMT Bars along with installed 25MW Captive Power Plant utilizing the waste heat from the Sponge Iron Plant would improve the overall profitability of the project making it financially more viable ”

Human Resources

The Company promoted an open and transparent working environment to enhance teamwork and build business focus. The year gone by has been quite significant for the Human Resource function of the Company. Gallantt has always believed that human resource is the most important resource and continues to work for its development. Your Company firmly accepts that people power is one of the pillars of success at Gallantt.

Future Outlook

Steel Industry in India is on an upswing because of the strong global and domestic demand. India's rapid economic growth and soaring demand by sectors like infrastructure, real estate and automobiles, at home and abroad, has put Indian Steel Industry on the global map. The outlook for Indian Steel industry is very bright. India's lower wages and favourable energy prices will continue to promise substantial cost advantage compared to production facilities in Europe or the US. The outlook for demand for steel is encouraging. The in-house consumption of entire Sponge Iron for manufacturing Billets, which are further rolled into TMT Bars along with installed 25MW Captive Power Plant utilizing the waste heat from the Sponge Iron Plant would improve the overall profitability of the project making it financially more viable. Various initiatives were taken up during the previous year to improve plant efficiency and enhance production.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's activities, projections about the future, estimates, assumptions with regard to global economic conditions and Government policies, etc. may be "forward looking statements" within the meaning of applicable securities laws and regulations based upon the information available with the Company. Actual results might differ those either expressed or implied.

Auditors' Report

To the Shareholders

1. We have audited the attached Balance Sheet of **GALLANTT METAL 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. We draw attention to the Note no. J, regarding valuation of inventories and Note no. N (b) regarding foreign currency transactions covered by option contract, on schedule T of Notes of Accounts.
 - g. In our opinion and to the best of our knowledge and according to the explanation given to us, the said

accounts 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 **A. K. Meharia & Associates**
Chartered Accountants
A. K. Meharia
Partner

Place : Kolkata
Date : 29th May, 2010

Membership No. 53918
Firm Reg. No. 324666E

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) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.
- 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 has taken loan from the company covered in the register maintained under section 301 of the Companies Act, 1956. The number of such party is three and the maximum amount involved during the year was Rs. 1,374.36 Lacs and year end balance taken from such party was Rs. 35.56 Lacs.
- b) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie prejudicial to the interest of the company.
- c) In respect of loans taken, the company is regular in repaying the principal amount and interest as stipulated and no amount is overdue.

- d) 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 outstanding during the year was Rs. 3516.00 Lacs and the year end balance was Rs. 3466.00 Lacs.
- e) In our opinion, the rate of interest and other terms and conditions on which such loans has been granted to the company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie prejudicial to the interest of the company. However a share application money (pending allotment) of Rs. 700.00 lacs has been given to a Company, covered in the register maintained under section 301 of the Act.
- f) There is no amount overdue in respect of loans granted to companies, firms & other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business, for the purchase of inventories, fixed asset and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in internal control system.
- v) 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 price at the relevant time.
- vi) The Company has not accepted any deposit from the public as stipulated under the Provisions of section 58A and 58AA of the Companies Act, 1956.
- vii) The Company has an internal audit system which, in our opinion, is commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company, pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and 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.
- ix) 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, 2010.
- c) According to the information and explanations given to us, there are no statutory dues that have not been deposited with the appropriate authorities on account of any dispute.
- x) The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) Based on our audit procedure and on the basis of information and explanations given by the management, the Company has not defaulted in repayment of dues to financial institutions or banks.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund or nidhi/mutual benefit fund/society, therefore clause 4(xiii) of the order is not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures, other investments and contracts.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) 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.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, no funds raised on short term basis have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) The Company has not issued any debentures during the year.
- xx) During the year the Company has not raised any money by way of public issue. Hence clause (xx) of Para 4 of the order is not applicable.
- xxi) In our opinion and according to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For A. K. Meharia & Associates
Chartered Accountants
A. K. Meharia
Partner

Place : Kolkata
 Date : 29th May, 2010

Membership No. 53918
 Firm Reg. No. 324666E

Balance Sheet *As at 31st March, 2010*

		(Rs. in lacs)
	Schedule	As at 31st March, 2010
		As at 31st March, 2009
A. SOURCE OF FUNDS		
SHAREHOLDERS' FUNDS		
Share Capital	A	8,132.23
Reserve & Surplus	B	8,196.13
		<u>16,328.36</u>
LOAN FUNDS		
Secured Loans	C	14,152.17
Unsecured Loan	D	1,917.09
		<u>16,069.26</u>
Deferred Tax Liability (Net)		1,667.13
		<u>34,064.75</u>
B. APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	E	27,193.86
Less : Depreciation		4,545.51
Net Block		<u>22,648.35</u>
Capital work-in-progress		77.44
		<u>22,725.79</u>
INVESTMENT	F	865.20
CURRENT ASSETS, LOANS & ADVANCES		
Inventories	G	4,356.35
Sundry Debtors	H	1,815.32
Cash & Bank Balance	I	785.83
Loan, Advances and other receivable	J	7,889.09
		<u>14,846.58</u>
Less: Current Liabilities & Provison	K	4,421.98
NET CURRENT ASSETS		<u>10,424.60</u>
Miscellaneous Expenditure (To the extent not written off or adjusted)	L	49.16
		<u>34,064.75</u>
Significant Accounting Policies and Notes on Accounts	T	
Balance sheet abstract & company profile	U	
		<u>30,130.09</u>

As per our Report of even date

For A. K. MEHARIA & ASSOCIATES

Chartered Accountants

A. K. MEHARIA

Partner

Membership No. : 53918

Kolkata, May 29th, 2010

CHANDRA PRAKASH AGARWAL

DINESH R. AGARWAL

NITIN M. KANDOI

RAJESH UPADHYAYA

Chairman & Managing Director

Wholetime Director

Director

Company Secretary

Profit & Loss Account *For the year ended 31st March, 2010*

	Schedule	For the year ended 31st March, 2010	(Rs. in lacs) For the year ended 31st March, 2009
A. INCOME			
Gross Sales		45,023.44	45,474.43
Less : Excise Duty		1,711.84	1,363.21
Net Sales		43,311.59	44,111.22
Other Income	M	116.12	236.79
Increase/(Decrease) in Stock	N	397.88	25.08
		<u>43,825.58</u>	<u>44,373.10</u>
B. EXPENDITURE			
Material Consumed	O	33,024.26	33,903.23
Manufacturing Expenses	P	2,183.18	2,912.15
Excise duty & cess on stock		51.19	(40.33)
Employees Cost	Q	504.98	459.16
Administrative, Selling & Other Expenses	R	1,540.60	1,975.36
Interest	S	1,400.61	1,816.94
Depreciation	E	1,479.56	1,247.96
Preliminary Expenses		48.56	48.56
		<u>40,232.94</u>	<u>42,323.03</u>
PROFIT / (LOSS) BEFORE TAX		3,592.64	2,050.06
Less : Provision for Taxation			
Current Tax		111.24	368.67
MAT Credit Availed/(Entitlement)		<u>499.83</u>	<u>(136.39)</u>
Fringe Benefit Tax		-	5.50
Deferred Tax		252.10	
Deferred Tax (Earlier year)		<u>374.36</u>	<u>398.60</u>
Income Tax (Earlier year)		0.22	0.18
PROFIT AFTER TAX		2,354.88	1,413.50
Profit/(Loss) from previous year		4,791.25	3,377.75
Balance carried to Balance Sheet		<u>7,146.13</u>	<u>4,791.25</u>
Earning Per Share (EPS)			
Basic & Diluted EPS (in Rs.)		2.90	1.74
Significant Accounting Policies and Notes on Accounts	T		
Balance sheet abstract & company profile	U		

As per our Report of even date

For A. K. MEHARIA & ASSOCIATES

Chartered Accountants

A. K. MEHARIA

Partner

Membership No. : 53918

Kolkata, May 29th, 2010

CHANDRA PRAKASH AGARWAL

DINESH R. AGARWAL

NITIN M. KANDOI

RAJESH UPADHYAYA

Chairman & Managing Director

Wholetime Director

Director

Company Secretary

Cash Flow Statement *For the year ended 31st March, 2010*

	As at 31st March, 2010	As at 31st March, 2009	(Rs. in lacs)
OPERATING ACTIVITIES			
Net Profit before Tax	3,592.64		2,050.06
Adjustment for :			
Depreciation	1,479.56	1,247.96	
Preliminary Expenses W/O	48.56	48.56	
Loss on sale of Fixed Assets (net)	6.75	4.49	
Interest paid	1,396.75	1,824.99	
Interest received	(79.36)	(82.34)	3,043.67
Operating profit before working capital changes	6,444.91		5,093.73
Adjustment for :			
Trade & other receivable	(771.02)	1,319.52	
Inventory	(762.00)	(681.69)	
Trade Payable	(1,046.96)	(381.28)	
Other Current Assets	(479.07)	(805.57)	(549.03)
Cash generated from Operating Activities	3,385.85		4,544.71
Direct Tax Refund / Paid (Net)	(580.24)		(223.91)
Net Cash From Operating Activities	2,805.61		4,320.80
INVESTING ACTIVITIES			
Interest received	79.36	82.34	
Investment in Shares	-	(865.20)	
Payment for purchase of fixed assets	(255.92)	(1,853.19)	
Proceed from sale of fixed assets	34.82	15.84	
Inter Corporate Loan	(3,466.01)	-	
Net Cash used in Investing Activities	(3,607.75)		(2,620.21)
FINANCING ACTIVITIES			
Capital issued (including securities premium)	-	1,550.00	
Repayment of Long Term Loan	1,880.92	(1,426.91)	
Preliminary expenses incurred	-	(1.50)	
Interest paid	(1,396.75)	(1,824.99)	
Net Cash used in Financing Activities	484.17		(1,703.40)
Net increase / (decrease) in cash and cash equivalent	(317.97)		(2.81)
Opening balance of Cash and Cash Equivalent	1,103.81		1,106.62
Closing balance of Cash and Cash Equivalent	785.83		1,103.81

As per our Report of even date

For A. K. MEHARIA & ASSOCIATES

Chartered Accountants

A. K. MEHARIA

Partner

Membership No. : 53918

Kolkata, May 29th, 2010

CHANDRA PRAKASH AGARWAL

DINESH R. AGARWAL

NITIN M. KANDOI

RAJESH UPADHYAYA

Chairman & Managing Director

Wholetime Director

Director

Company Secretary

Schedules to Accounts

(Rs. in lacs)

As at 31st March, 2010 As at 31st March, 2009

SCHEDULE "A" SHARE CAPITAL

AUTHORISED

8,30,00,000 (Previous year - 8,30,00,000)
Equity Shares of Rs.10 each

8,300.00 8,300.00

ISSUED, SUBSCRIBED AND PAID UP

8,13,22,324 (Previous year - 8,13,22,324)
Equity shares of Rs. 10 each fully paid up in cash

8,132.23 8,132.23

8,132.23 8,132.23

SCHEDULE "B" RESERVE & SURPLUS

Securities Premium

As per last Balance sheet
Add : Amount received on Preferential Issue

1,050.00 –

– 1,050.00

1,050.00 1,050.00

Balance in Profit & Loss Account

7,146.13 4,791.25

8,196.13 5,841.25

SCHEDULE "C" SECURED LOANS

Term Loans from banks
Vehicle Loan
Working Capital from banks
(Refer point No. 2 of Schedule 'T' Notes on Accounts)

11,349.17 10,141.02

39.59 59.56

2,763.40 3,691.00

14,152.17 13,891.58

SCHEDULE "D" UNSECURED LOANS

From Corporate Bodies

1,917.09 1,224.36

1,917.09 1,224.36

SCHEDULE "E" FIXED ASSETS

Sl. No.	DESCRIPTION	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
		Original Cost as on 1.4.2009	Additions during the year	Sales/ Adjust-ment	Total as on 31.03.2010	Upto 1.4.2009	Depreciation for the year	Sales/ Adjust-ment	Total upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
1	Land	460.64	–	–	460.64	–	–	–	–	460.64	460.64
2	Building	3,866.62	–	–	3,866.62	281.16	119.85	–	401.01	3,465.61	3,585.47
3	Plant & Machinery	19,461.84	1,129.10	10.56	20,580.39	2,455.05	1,191.97	1.71	3,645.30	16,935.08	17,006.79
4	Misc. Fixed Assets	1,615.89	16.95	–	1,632.84	185.62	77.08	–	262.71	1,370.14	1,430.27
5	Computer	32.79	4.59	–	37.39	10.10	5.59	–	15.69	21.70	22.69
6	Furniture & Fixture	55.32	5.76	–	61.08	7.63	3.76	–	11.39	49.70	47.69
7	Office Equipment	37.47	2.22	–	39.69	3.92	1.84	–	5.76	33.92	33.55
8	Vehicles	298.60	34.27	51.15	281.72	60.49	31.08	18.43	73.14	208.57	238.11
9	C.I.Mould	122.27	–	–	122.27	20.47	13.83	–	34.30	87.97	101.80
10	Rolls	68.65	42.57	–	111.22	61.65	34.56	–	96.22	15.01	7.00
	Total	26,020.09	1,235.47	61.70	27,193.86	3,086.09	1,479.56	20.14	4,545.51	22,648.35	22,934.00
	Previous Year	22,530.30	3,515.43	25.65	26,020.09	1,843.44	1,247.96	5.31	3,086.09	22,934.00	20,686.87

Schedules to Accounts

	(Rs. in lacs)	
	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE "F" INVESTMENTS		
UNQUOTED (Long Term)		
Gallantt Ispat Limited (86,51,992 Equity Shares Face Value of Rs. 10)	865.20	865.20
	<u>865.20</u>	<u>865.20</u>
SCHEDULE "G" INVENTORIES		
(As taken valued & certified by the management)		
Finished Stock	1,258.67	871.49
Semi-Finished	10.70	-
Raw Material	2,525.95	1,997.19
Stores & Spares	561.03	725.67
	<u>4,356.35</u>	<u>3,594.34</u>
SCHEDULE "H" SUNDRY DEBTORS		
(Unsecured considered Good)		
Debts due within 6 months	1,815.32	1,044.30
	<u>1,815.32</u>	<u>1,044.30</u>
SCHEDULE "I" CASH & BANK BALANCES		
Cash in hand (As certified)	35.39	16.03
Balances with Scheduled Banks :		
(i) in Fixed Deposits	750.05	1,086.67
(ii) in Current A/c	0.38	1.11
	<u>785.83</u>	<u>1,103.81</u>
SCHEDULE "J" LOANS & ADVANCES		
Advances		
(Unsecured & Considered Good)		
Advances (Recoverable in Cash or Kind or for value to be received)	321.08	505.60
Inter Corporate Loan	3,466.01	-
Other Receivable	1,742.15	1,992.52
Share Application	700.00	700.00
MAT Credit Entitlement	874.25	374.42
Advance with Income Tax, Excise, Custom etc.	559.23	483.82
Security Deposits	226.37	225.65
	<u>7,889.09</u>	<u>4,282.01</u>

Schedules to Accounts

	(Rs. in lacs)	
	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE "K" CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	2,488.37	3,535.33
Other outstanding Liabilities	412.10	438.93
Sub Total	2,900.46	3,974.26
PROVISIONS		
For Taxation	1,364.77	758.47
Other Provision	156.75	115.55
Sub Total	1,521.52	874.02
	4,421.98	4,848.28
SCHEDULE "L" MISCELLANEOUS EXPENDITURE		
Share Issue Expenses	39.99	79.99
Preliminary Expenses	9.17	17.74
	49.16	97.73
	Year ended	Year ended
	31st March, 2010	31st March, 2009
SCHEDULE "M" OTHER INCOME		
Interest on Bank Deposit (Tax deducted at source Rs. 5.82 lacs (P.Y. Rs. 10.17 lacs))	49.96	82.34
Interest on Security Deposit (Tax deducted at source Rs. 1.16 lacs (P.Y. Rs. 8.54 lacs))	11.56	38.99
Interest from Others (Tax deducted at source Rs. 1.78 lacs (P.Y. Rs. Nil))	17.83	-
Other Income	36.76	115.46
	116.12	236.79
SCHEDULE "N" INCREASE/(DECREASE) IN STOCK		
Closing Stock :		
Finished Stock	1,258.67	871.49
Semi-Finished	10.70	-
Sub Total (A)	1,269.37	871.49
Less : Opening Stock		
Finished Stock	871.49	846.41
Semi-Finished	-	-
Sub Total (B)	871.49	846.41
INCREASE/(DECREASE) IN STOCK (A-B)	397.88	25.08

Schedules to Accounts

	Year ended 31st March, 2010	(Rs. in lacs) Year ended 31st March, 2009
SCHEDULE "O" MATERIAL CONSUMED		
Raw Material Consumed	31,114.74	31,941.73
Other Material Consumed	1,909.53	1,961.49
	33,024.26	33,903.23
SCHEDULE "P" MANUFACTURING EXPENSES		
Power & Fuel	836.51	1,698.46
Manufacturing Expenses	524.49	428.52
Repairs & Maintenance :		
Plant & Machinery	778.77	740.63
Building	29.00	14.53
Others	14.40	30.01
	2,183.18	2,912.15
SCHEDULE "Q" EMPLOYEE'S COST		
Salary, Wages and Bonus	485.76	411.52
Contribution to Provident and other Fund	8.31	35.60
Staff Welfare Expenses	10.92	12.04
	504.98	459.16
SCHEDULE "R" ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Rent	3.51	4.16
Insurance	55.90	54.31
Rates & Taxes	13.91	9.90
Export Duty	-	377.02
Miscellaneous Expenses	393.24	391.06
Loss on Sale of Fixed Assets	6.75	4.49
Commission & Brokerage	55.35	40.56
Exchange Loss	-	310.08
Carriage & Freight	952.57	742.68
Selling Expenses	59.37	41.10
	1,540.60	1,975.36
SCHEDULE "S" INTEREST		
Interest to Bank	1,275.61	1,551.30
Interest to Others	125.00	265.64
	1,400.61	1,816.94

Schedules to Accounts

SCHEDULE FORMING PART OF THE ACCOUNTS AS ON 31ST MARCH 2010

Schedule 'T' - Significant Accounting Policies and Notes to Accounts

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 inclusive of excise duty, Sales Tax but exclusive of Sales Returns and turnover discount.
- b) Revenue from Sale of electrical energy is accounted for at the rates in accordance with the provision of Power Sale Agreement executed between the Company and M/s Gujrat Urza Vikash Nigam Limited (undertaking of Government of Gujarat).
- c) 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. 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.

E. Preliminary Expenses

Preliminary expenses are amortized over a period of 5 years from the date of transaction.

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 Profit and Loss Account 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 shareholders by the weighted average number of ordinary shares outstanding during the year.

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 material in transit are valued at lower of cost and net realizable value. Costs of Inventories are ascertained on FIFO basis.

Schedules to Accounts

- b) Work-in-progress is valued at cost which includes cost of inputs and other overheads upto the stage of completion.
- c) Finished Goods are valued at lower of cost* and net realizable value.

* In the current year, Cost of finished goods does not include interest on borrowed fund charged to revenue, in conformity with the Accounting Standard – 2, whereas in the preceding years the same was included in cost of the Finished goods for the purpose of the valuation of inventories.

K. Inter-Division Transfers

Inter-division transfer of Power generated by Power Plant Unit is transferred to other unit at approximate prevailing market price. The value of such inter-divisional transfer is netted off from sales and operational income and expenses under materials, manufacturing & others. This accounting treatment has no impact on the profits of the company.

Inter- divisional transfer of materials to fixed assets or vice versa is at prevailing market price.

L. Excise Duty, Sales Tax & Custom Duty

- i) 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 "Loans and Advances".
- ii) The Company has the remission scheme on Sales Tax charged on sales for a period of ten years or total accumulated sales tax collected and refund of VAT claimed on material purchased upto Rs. 91.09 crore, whichever is earlier starting from the financial year 2005-06.
- iii) Excise duty on closing stock of Finished Goods is considered for valuation of stocks of finished goods lying in the factories as on the Balance Sheet date.
- iv) In terms of scheme provided by the Department of Central Excise, the Company has got the remission of excise duty by way of refund of the excise duty paid and the same is credited to the Profit & Loss Account as income of the Company.
- v) Provision is made in the books of account for Custom Duty on Imported Items on arrival and lying in bonded warehouse and awaiting clearance.

M. 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.

N. Foreign Currency Transaction

- a) 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.
- b) The company uses foreign currency option to hedge to manage its risk associated with foreign currency fluctuations relating to certain firm commitments. Transactions covered by option contracts are settled on future dates are being adjusted on the date of settlement. Premium paid for hedging the Foreign Exchange Option contract is recognized as expense over the life of the contract.

O. 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.

P. Prior Period Items

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

Schedules to Accounts

Q. **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 ON ACCOUNTS

1. **Contingent Liabilities**

Contingent Liabilities not provided for in respect of

Description	2009-2010	2008-2009 (Rs. in lacs)
i) Guarantees given by the bank on behalf of the Company (margin money kept by way of fixed deposit of Rs. 245.12 lacs (Previous year - Rs. 229.87 lacs)	236.33	236.33
ii) Curtailing the assured benefit of exemption granted to New Industrial unit in Kutch, Gujarat. The Company is entitled to exemption for 100% of the duty paid in Cash after utilisation of CENVAT Credit for 5 years from the date of Commercial Production. Hon'able High Court of Gujarat has granted the verdict in favor of Company, however the amount is yet to be received	1,026.34	1,107.45
iii) Custom / Excise duty on Capital Goods imported / purchased under EPCG Scheme, against which export obligation is to be fulfilled	470.97	441.91
iv) Demand of export duties on goods expoted as per FOB price as the cum duty price (demand and appeal is pending)	-	56.56
2. Secured Loan of the Company consists the following		
Cash Credit	2,529.25	3,565.36
Rupee Term Loan	5,206.20	4,788.90
Foreign Currency Term Loan	6,142.98	5,352.11
Overdraft Facility	234.15	125.64
Vehicle Loan	39.59	59.56
Total Secured Loan	<u>14,152.17</u>	<u>13,891.57</u>
2.1. (a) Primary Securities		
i) Term Loans		
(a) First Pari pasu charge over all the borrower's fixed assets (Present & Future).		
(b) Second Pari pasu charge over all the borrowers' current assets including Cash & Bank balances, Stock etc.		
ii) Working Capital Facilities		
First charge on all the current assets of the company (Present & Future) and the second charge on the fixed assets of the company.		
iii) Vehicle loan received from bank is secured against hypothecation of respective vehicles.		
(b) Collateral Securities		
i) Equitable mortgage of house property of Sri S. K. Agrawal, relative of director.		
ii) Collateral Security by pledge of equity shares of the company held by promoters.		
(c) Corpoarte & Personal Guarantee		
i) M/S Gallantt Udyog Ltd. to the extent of shares pledged aggregating 1,46,50,000 equity shares having face value of Rs. 10/- each		
ii) M/S. Hipoline Commerce Pvt. Ltd. (on account of merger of erstwhile M/s. Ganesh Laxmi Steel Pvt. Ltd.).		
iii) Personal Guarantee of the Sri C. P. Agarwal, Sri Dinesh Kumar Agarwal, Sri Nitin M. Kandoi and Sri S. K. Agarwal to the extent of mortgaged created.		

Schedules to Accounts

3. Managerial Remuneration paid/payable to Directors		(Rs. in lacs)	
Description	2009-2010	2008-2009	
Managing Director			
Remuneration	3.12	2.88	
Whole-time Director			
Remuneration	6.34	5.36	
Perquisites	0.12	0.36	
Total	<u>9.58</u>	<u>8.60</u>	
4. Payment to Auditors (Including Service Tax, wherever applicable)			
Particulars	As at 31.03.2010	As at 31.03.2009	
Statutory Auditors			
i) Audit Fees	2.33	2.04	
ii) For certification works	0.17	0.11	
iii) For Tax Audit	0.33	0.33	
iv) Out of pocket expenses	0.18	0.16	
Total	<u>3.01</u>	<u>2.64</u>	
5. Segment Reporting			
a) Primary Segment (By Business Segment)			
The Company is engaged in the business of production of Iron, Steel & Power. The Company has two reportable business segments i.e. Steel and Power which have been identified in line with the Accounting Standard-17 on "Segment Reporting". Information about Primary Segment is as follows :			
Particulars	2009-2010	2008-2009	
1. Segment Revenue			
a) Steel	42,867.38	43,488.01	
b) Power	7,866.42	5,551.20	
c) Un-allocable Income	116.12	236.79	
Sub Total	50,849.91	49,276.00	
Less : Inter Segment Revenue	(7,422.21)	(4,928.00)	
Net Segment Revenue	<u>43,427.71</u>	<u>44,348.00</u>	
2. Segment Results			
a) Steel	1,516.36	2,634.70	
b) Power	3,409.34	1,044.06	
Sub Total	4,925.70	3,678.76	
Less : Interest	(1,400.61)	(1,816.94)	
Less : Other Un-allocable Expenses	(67.55)	(188.23)	
Profit before Tax	<u>3,592.64</u>	<u>2,050.06</u>	
3. Capital Employed (Segment Assets less Segment Liabilities)			
a) Steel	21,459.08	15,557.45	
b) Power	11,691.53	12,646.45	
c) Un-allocable	914.14	1,926.19	
Total Capital Employed	<u>34,064.75</u>	<u>30,130.09</u>	
4. Capital Expenditure during the period			
a) Steel	106.37	1,244.88	
b) Power	1,129.11	2,270.22	

Schedules to Accounts

b) Secondary Segment (By Geographical Segment) (Rs. in lacs)

The secondary segment is based on geographical demarcation i.e. India & Rest of the World. Information about Secondary Segment is as follows :

Particulars	2009-2010	2008-2009
1. Segment Revenue		
a) Within India	43,427.71	42,810.89
b) Outside India	-	2,891.05
Sub Total	<u>43,427.71</u>	<u>44,348.00</u>
2. Segment Assets		
a) Within India	34,064.75	30,070.53
b) Outside India	-	-
Sub Total	<u>34,064.75</u>	<u>30,070.53</u>
3. Capital Expenditure during the period		
a) Within India	1,235.48	3,515.10
b) Outside India	-	-
Sub Total	<u>1,235.48</u>	<u>3,515.10</u>

6. 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, 2010 and concluded that there has been no significant impaired fixed asset that needs to be recognised in the books of accounts.

7. Earning/Expenditure in Foreign exchange

Particulars	2009-2010	2008-2009
(a) Expenditure Value of Import on CIF basis		
Raw Material	2,914.57	1165.88
Capital Goods	11.01	41.72
Interest on FCNRB Loans/LC	340.57	597.38
(b) Earning		
Export Sale	-	2,890.49

8. Excise duty and cess on stock represents differential excise duty and cess on opening and closing stock of finished goods.

9. During the year company has valued the closing stock of finished goods without considering the interest on borrowed fund charges to revenue, whereas in the preceding previous year interest on borrowed fund was included in the valuation of closing stock. Due to the aforesaid change in accounting policy the value of closing stock as at year end has been decreased by Rs. 17.56 lacs.

10. Earnings per Shares

The following reflects the income and share data used in the computation of Basic & Diluted Earnings per Shares.

Particulars	2009-2010	2008-2009
Amount used as the numerator		
Net profit attributable to the ordinary Shareholders for Basic Earnings per shares (Rs.)	23,54,88,077	14,13,50,050
No. of Ordinary Shares used as denominator	8,13,22,324	7,80,75,749
Weighted average number of ordinary Shares in issue applicable to Basic Diluted Earnings per shares		
Earnings Per Shares Basic & Diluted (Rs.)	<u>2.90</u>	<u>1.81</u>

Schedules to Accounts

11. **Deferred Tax** (Rs. in lacs)
Deferred Tax assets and liabilities arising on account of temporary timing differences are as under
- | Particulars | 2009-2010 | 2008-2009 |
|---|-----------------|-----------------|
| Deferred Tax Liabilities | | |
| On account of Timing difference in Depreciation | 1,681.72 | 1,443.45 |
| Deferred Tax Assets | | |
| Minimum Alternate Tax Provided | - * | (374.36) |
| Disallowance u/s 40(a) (ia) of the I.T. Act | (14.59) | (28.42) |
| Deferred Tax Assets/Liability (Net) | 1,667.13 | 1,040.67 |
- * MAT credit entitlement of earlier years has been debited as deferred tax for earlier years in the Profit & Loss Appropriation Account.
12. **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.
13. Sundry Creditors include Rs. Nil (Previous Year Rs. Nil) due to Small Scale industrial undertaking to the extent such parties have been identified from the available documents / information.
14. Balance of some of the Sundry Debtors, Creditors, Loans and advances are subject to confirmation from respective parties.
15. Other Receivable under the head Loans & Advances includes Excise duty Rs. 1260.42 lacs and Sales Tax Rs. 444.92 lacs.
16. Current liabilities include Rs. 29.34 lacs payable to Gujarat Sales Tax after 10 year from the year 2005-06 under Sales Tax incentive scheme enjoying by the company.
17. **Related Party Disclosures** (As identified by the Management)

(A) Name of Related Parties and Description of Relationship.

- | | |
|------------------------------|--|
| I. Associate Company | Gallantt Udyog Ltd. Gallantt Ispat Ltd.
Ganesh Laxmi Processors Pvt. Ltd. Hipoline Commerce Pvt. Ltd. |
| II. Key Managerial Personnel | Mr. Chandra Prakash Agarwal, Mr. Dinesh R. Agarwal
Mr. Nitin M. Kandoi, Mr. Mahesh H Gupta |

(B) Related Party Transaction & Balance

Nature of Transaction	Associates	Key Management Personnel	Total
Purchase of Goods	Nil	-	Nil
Sale of Goods	100.65	-	100.65
Loan Taken	320.00	-	320.00
Loan Given	3,500.00	-	3,500.00
Loan Repayment	1,497.50	-	1,497.50
Interest Paid	7.24	-	7.24
Interest Received	17.83	-	17.83
Remuneration Paid	-	9.58	9.58
Balance of Loan taken as on 31.03.10	35.56	-	35.56
Balance of Loan Given as on 31.03.10	3,466.00	-	3,466.00

18. **Licensed & Installed Capacity, Production, Stocks and Turnover**(a) **Capacity and Production**

Items	Unit	As at 31.03.2010			As at 31.03.2009		
		Licensed Capacity	Installed Capacity	Actual Production	Licensed Capacity	Installed Capacity	Actual Production
Sponge Iron	MT	NA	99,000	86,317.00	NA	99,000	73,208.690
M.S.Billet	MT	NA	1,76,420	1,57,908.734	NA	1,76,420	1,23,784.673
M.S.Bar	MT	NA	1,68,300	81,164.670	NA	1,68,300	65,564.798
Misroll Bar				1,610.335	-	-	2,246.872
Power(* in KWH)	MW	NA	25	16,88,11,100*	NA	25	12,15,15,900*

Schedules to Accounts

(b) Stock & Turnover

(Rs. in lacs)

Items	As at 31.03.2010						As at 31.03.2009					
	Opening Stock		Sales		Closing Stock		Opening Stock		Sales		Closing Stock	
	Qty. (MT)	Amount	Qty. (MT)	Amount	Qty. (MT)	Amount	Qty. (MT)	Amount	Qty. (MT)	Amount	Qty. (MT)	Amount
Sponge Iron	1,057.540	162.55	-	-	362.960	61.12	319.746	57.89	-	-	1057.540	162.55
M.S.Billet	800.141	188.80	71,815.120	18,521.09	2,114.595	556.44	1460.737	423.58	55334.130	19578.00	800.141	188.80
M.S.Bar	1,673.349	461.61	81,075.610	24,447.15	1,762.409	520.76	1001.481	333.34	64892.930	24418.40	1673.349	461.61
Misroll Bar	283.867	58.53	1,472.910	313.53	421.292	120.35	94.925	31.59	2057.930	614.66	283.867	58.53
Power(* in KWH)			13890167	444.21					21157119	623.20		
Coal			22077.890	1,086.00					7286.260	467.68		
Iron Ore Fines				211.45								

(c) Raw Material consumption

Items	As at 31.03.2010		As at 31.03.2009	
	Quantity (MT)	Amount	Quantity (MT)	Amount
Iron Ore	161869.670	8109.77	130869.061	6,730.18
Coal**	221527.460	8198.88	175776.711	8,670.40
Iron Scrap	48262.817	7786.21	54483.642	13,694.04
Sponge Iron	49592.240	6857.79	15622.480	2,661.62
Billet	470.720	99.60	800.545	185.49
Pet Coke	1,357.950	62.48	—	—
Sponge Iron*	87011.580	—	72470.896	—
Billet*	84779.160	—	69111.139	—
Misroll Bar*	—	—	—	—
Internal generation*	1473.513	—	880.640	—
Other Material	NA	1,909.53	NA	1,961.49
		33,024.26		33,903.22

* Represents own produced materials consumed.

** Coal consumed includes coal sold during the year 22077.890 MT amounting to Rs. 944.89 lacs (P.Y. 7286.260 MT Rs. 403.62 lacs)

19. Value of Consumption of Imported & Indigenous Raw Materials

Particulars	Year ended 31.03.2010		Year ended 31.03.2009	
	Rs. in lacs	% of Total	Rs. in lacs	% of Total
Imported*	8986.00	27.21	4567.36	13.47
Indigenous	24,038.26	72.79	29,335.86	86.53

* Consumption of imported raw materials includes purchases on High seas.

20. 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 A. K. MEHARIA & ASSOCIATES

Chartered Accountants

A. K. MEHARIA

Partner

Membership No. : 53918

Kolkata, May 29th, 2010

CHANDRA PRAKASH AGARWAL

DINESH R. AGARWAL

NITIN M. KANDOI

RAJESH UPADHYAYA

Chairman & Managing Director

Wholetime Director

Director

Company Secretary

GALLANTT METAL LIMITED

Schedule ' U '

Balance Sheet Abstract & Company's Business Profile

(Additional Information pursuant to Part IV of Schedule VI of the Companies Act, 1956)

1. REGISTRATION DETAILS	
Registration No.	101553
State Code	21
Balance Sheet Date	31.03.10
2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSAND)	Nil
3. POSITION OF MOBILISATION & DEPLOYMENT OF FUND (AMOUNT IN RS. THOUSAND)	
Total Assests	3406475.47
Total Liabilities	3406475.47
Sources of Fund	
Share Capital	813223.24
Profit & Loss Account	819612.79
Secured Loans	1415217.16
Unsecured Loans	191708.87
Deferred Tax Laibility	166713.40
Application of Fund	
Fixed Assests	2264834.71
Capital W.I.P.	7744.10
Investment	86519.92
Net Current Assests	1042460.45
Miscellaneous Expenditures	4916.29
4. PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSAND)	
Turnover	4331159.20
Other Income	11611.52
Increase/(Decrease) in Stock	39787.58
Total Expenditures	4023294.47
Profit Before Tax	359263.84
Provision for Taxation	123775.76
Profit After Tax	235488.08
Earing Per Share	2.90
Dividend	Nil
5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)	
PRODUCT DESCRIPTION	ITEM CODE NO.
Sponge Iron	72031000
Billets	72071920
M. S. Bar	72141090

As per our Report of even date

For A. K. MEHARIA & ASSOCIATES

Chartered Accountants

A. K. MEHARIA

Partner

Membership No. : 53918

Kolkata, May 29th, 2010

CHANDRA PRAKASH AGARWAL

DINESH R. AGARWAL

NITIN M. KANDOI

RAJESH UPADHYAYA

Chairman & Managing Director

Wholetime Director

Director

Company Secretary

GALLANTT METAL LIMITED

Registered Office :
11, Crooked Lane, 2nd Floor, 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 6th Annual General Meeting of the Company to 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 and any adjournment thereof.

Signed this day of 2010

DP ID No.....
Client ID No.....
No. of Shares.....

Affix
Re. 1/-
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 METAL LIMITED

Registered Office :
11, Crooked Lane, 2nd Floor, Kolkata - 700 069

ATTENDANCE SLIP

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

Shares Held
DP ID No.
Client ID No.

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

I hereby record my presence at the 6th Annual General Meeting of the Company held at EZCC, 'Aikatan', IA - 290, Sector III, Salt Lake City, Kolkata - 700 097 on Friday, 24th September, 2010 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 Metal Limited

11, Crooked Lane, 2nd Floor

Kolkata - 700 069

West Bengal, India

1786



CM/L-7690389

