

GALANT ISPAT LTD.



**ANNUAL REPORT & ACCOUNTS
2010-2011**

Building Tomorrow ...



Chairman's Statement

Dear Shareowners,

First of all, I wish to thank you, the investor fraternity, for your overwhelming support to the initial public offering (IPO) of the company. This support reflects the trust and confidence that investors have reposed in the performance and execution capabilities of the Company. I assure you that we would do our utmost to live up to expectations, deliver quality in all our operations and strive to increase shareholder wealth.

It gives me great pleasure to present you the 7th Annual Report of the Gallantt Ispat Limited.

OVERALL ECONOMY AND INDUSTRY

The world economic recovery has finally started taking new steps. The year saw the global economic crisis becoming a thing of the past, with both advanced and emerging economies registering positive growth during 2010. It seems clear that the worst was behind us, and global economic recovery is on its way. After contracting by 0.5%, world output growth is back in positive territory at 5%. Emerging and developing economies continue to drive most of this growth.

China and India are back on their high growth momentum. India grew by 8.6% in 2010-11, while China recorded a growth of around 10% in 2010. This contributed to resurgence in steel demand. Second Renewed growth has revived steel demand. Global crude steel output increased by 16.8% in 2010.

This economic growth has led to increase of demand of commodities. Infrastructure will be the prime reason for the recovery journey. This is the only sector which will lead the path of global economic recovery. When share views on infrastructure we get many sectors being clubbed to them. Banks, Cements, Steel, Capital Goods, Construction are the prime industries which are linked with infrastructure growth.

KNOW YOUR COMPANY

Your Company operates in three different segments viz. Flour Mill Unit, Iron and Steel Unit and Captive Power Plant unit. Your Company is one of the growing Companies in Uttar Pradesh engaged in the manufacturing and marketing of Sponge Iron, Mild Steel Billets, Re-Rolled

Products (TMT Bars and Mild Steel Structural) and wheat products. All the units of the Company have started commercial operation.

Flour Mill Unit started its commercial production of flour for domestic consumption in March, 2009 with capacity of 1,08,000 MTPA. Your Company proposes to expand its capacities by another 72,000 MTPA taking the total capacity to 1,80,000 MTPA. Your Company's current portfolios for the food grain business include wheat flour products like atta, maida, suji and bran. Products are being sold to markets like Uttar Pradesh, Bihar, West Bengal etc.

Iron & Steel Unit of your Company have different divisions like Sponge Iron Plant with a capacity of 99,000 MTPA, Mild Steel Billets (Steel Melt Shop) with a capacity of 1,62,380 MTPA, and Re-rolled Products (TMT) with a capacity of 1,67,400 MTPA. Entire Sponge Iron is consumed in manufacture of billets which is further rolled into TMT Bars. All the divisions of Iron and Steel Unit are functional.

Considering the power requirements of our existing manufacturing facilities, our Company has set up 18 MW Captive Power Plant to meet its present requirements of power. Captive Power Plant gives us the stable and uninterrupted power supply which is very crucial in manufacturing of our products. With the installation of Captive Power Plant waste heat of Iron and Steel Units is utilized to generate power which in turn improved the profitability of the project thereby making it economically more viable. Power is an important factor in every manufacturing facility. Captive Power Plant started its operation from July 25, 2011.

Your Company is investing its resources in core businesses across the integrated steel plant as well as Flour Mill unit and acquiring new and latest technologies and businesses that help meet changing aspirations of millions of consumers. These strategies and initiatives are aimed to ensure that Gallantt Ispat delivers long-term growth and creates unprecedented value for its stakeholders. Your Company always believes in an integrated business model that combines a long-term perspective, with focus on operational excellence and disciplined approach towards capital investment to deliver shareholder value

KNOW ADVANTAGES TO YOU COMPANY

Apart from experienced management team & promoters, already presence of the promoters in the region, etc. setting up the integrated steel plant and flour mill in Gorakhpur, Uttar Pradesh, State Government of Uttar Pradesh provides your Company with benefits like interest free loan equivalent to Sales Tax Amount for a period of 15 years., Transport Subsidy for 15 years, 20%

Subsidy of fixed capital investment, 5% additional subsidy of fixed capital investment being first unit under this scheme and Exemption of Mandi Tax 2% on purchase of wheat, among other benefits.

PERFORMANCE AT A GLANCE

Fiscal year 2010-11 would be marked as important year for the Company. There was plenty of good news. First, during the year itself Company concluded initial public offering of equity shares and got listed with both the premier stock exchanges of the country viz. Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Second, Company started commercial operation of all the units of the project except operation of Captive Power Plant which started operation from July 25, 2011. Third, Company reported a remarkable turnover and profitability. This is first full year operation of the Company and you will be happy to learn that during the year, your company achieved a significant turnover of Rs. 22,727.69 Lacs. During the year your Company posted a Profit Before Tax (PBT) of Rs. 824.99 Lacs and Profit after Tax of Rs. 316.11 Lacs. Captive Power plant has started functioning from July 25, 2011, it results in cost saving and which in turn will improve profitability of the Company in the coming years.

OUR VISION

At Gallantt Ispat, maximizing shareholders value is an article of faith. With this in mind, we will explore all emerging opportunities in the in the sector in which your Company operates. We will work in partnership with our customers to anticipate market changes and proactively respond to them. We firmly believe that we will succeed in establishing a leadership position among private players and we will be a force to reckon with.

Products quality has been another key area of focus for your company. In order to ensure that all customer expectations are being met, we have created a dedicated customer centricity cell within the company.

CONCLUSION

I would like to take this opportunity to thank the entire management team at Gallantt Ispat; their enthusiasm and energy has been a key ingredient in the Company's success. I would like to also thank our valuable customers and other business associates for all their support. Finally, a big thank you to all our new shareholders for reposing their faith in Gallantt Ispat.

Thanking you
Yours truly
C. P. Agarwal

Corporate Information

Seventh Annual Report 2010-2011

Board of Directors

Mr. C. P. Agarwal
Chairman & Managing Director

Mr. P. P. Agarwal
Whole Time Director

Mr. Nitin M Kandoi
Whole Time Director

Mr. Rajesh Kumar Jain
Non-Executive Independent Director

Mr. Jyotirindra Nath Dey
Non-Executive Independent Director

Mr. Virendra Kumar Keshari
Non-Executive Independent Director

Auditors

Anoop Agarwal & Co.
Chartered Accountants

Company Secretary

Mr. Nitesh Kumar

Registered Office

11, Crooked Lane, Second Floor
Kolkata - 700 069
Tel : 033-30238671
Telefax : 033-22312429
Website : www.gallantt.com

Works Office

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

Bankers

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

Equity Shares Listed on

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

Registrars & Share Transfer Agents

Niche Technologies Pvt. Ltd.
D-511, Bagree Market, 71, B.R.B. Basu Road,
Kolkata - 700 001
Ph.: 033-2235 7270/71
Fax:033-22156823

Audit Committee of the Board

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

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

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

Remuneration Committee of the Board

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

CONTENTS

Notice **2** Directors' Report **3** Corporate Governance Report **7**

Management Discussion and Analysis **15** Auditors' Report **19** Balance Sheet **22**

Profit & Loss Account **23** Cash Flow Statement **24** Schedules to the Accounts **25**

Balance Sheet Abstract **38**

Notice

Notice is hereby given that the Seventh Annual General Meeting of GALLANTT ISPAT LIMITED will be held on Wednesday, 28th September, 2011 at 2.00 P.M. at Bharatiya Bhasha Parishad, 4th Floor, 36A, Shakespeare Sarani, Kolkata - 700 017 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as on 31st March, 2011, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To reappoint Mr. Prem Prakash Agarwal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Anoop Agarwal & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company."

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. Members are requested to note that the company's equity shares are under compulsory demat trading for all investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
3. The dividend for the year ended 31st March, 2011, if approved, at the aforesaid AGM will be dispatched/remitted on or after 3rd October, 2011 to those members whose names will appear in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company as at the end of business hours on 21st September, 2011 and in respect of shares held in electronic mode, the dividend will be paid to the beneficial owners of the shares as at the end of business hours on 21st September, 2011, as per details furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
4. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to their Depository Participant (DP) only and not to the company or its Registrar and Transfer Agent Any such changes effected by the DPs will automatically reflect in the company's subsequent records.
5. The annual report of the company circulated to the Members of the company, will be made available on the company's website at www.gallantt.com.
6. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting. Members holding shares in dematerialized form are requested to write their Client ID and DP ID numbers in the Attendance Slip for attending the Meeting.
7. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature recorded with the Company for admission to the meeting hall. Members are requested to bring their copies of the Annual Report, as copies of the Report will not be distributed again at the Meeting.

Registered Office :
11, Crooked Lane,
Second Floor,
Kolkata - 700 069.
Date : August 02, 2011

By Order of the Board

Nitesh Kumar
Company Secretary

Directors' Report

Dear Members

Your Directors have pleasure in presenting the 7th Annual Report of the Company and the Annual Accounts for the year ended 31st March, 2011.

1. WORKING RESULTS

(Rs. in Lacs)

Financial Results	2011	2010
Income from operation	22,727.69	12245.61
Other Income	2059.68	301.50
Profit before Interest, Depreciation and Tax	1993.97	591.39
Less: Interest	615.43	200.84
Profit before Depreciation & Tax	1378.54	390.55
Less: Depreciation (including amortization)	553.55	383.36
Profit Before Tax	824.99	7.19
Provision for Tax :		
- Current	164.42	1.11
- Deferred	344.46	455.56
Earlier Year	–	0.09
Profit After Tax	316.11	(449.57)
Dividend (including Dividend Tax)	156.06	–
Balance carried to Balance Sheet	160.05	–

2. PERFORMANCE REVIEW

During the year your Company has reported a turnover of 22,727.69 Lacs. The Profit before Tax and Profit after Tax remains Rs. 824.99 Lacs and Rs. 316.11 Lacs respectively. 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.

3. DIVIDEND

The management is pleased to recommend final dividend at the rate of Re. .50/- (Fifty Paise) per Equity Share on 2,67,66,505 Equity Shares of Rs. 10 /- each i.e. 5% on each Equity Share of the company, total outgo on account of dividend shall be Rs. 1,33,83,252.50 subject to tax.

Irrespective of under installation condition and non-completion of the total integration of the project during the fiscal 2011, your Company generated and earned a

handsome amount of profit after tax. Gallantt Ispat believes that profitability must go hand in hand with a sense of responsibility towards all shareowners and other stakeholders. Hence, as a measure of rewarding shareowners and providing a current return on their investment, your Board of Directors recommended a dividend @ 5% on Equity Shares.

4. DIRECTORS' RESPONSIBILITY STATEMENT

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

- The Applicable Accounting Standards have been followed in the preparation of Annual Accounts.
- That the accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2011.

- C. That proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- D. That the Annual Accounts have been prepared on a going concern basis.
- 5. INITIAL PUBLIC OFFERING OF EQUITY SHARES**
- During the year under report your Company concluded an Initial Public Offerings ("Issue") of 81,00,208 Equity Shares of Rs. 10/- each for cash at a price of Rs. 50/- per Equity Share including a Share Premium of Rs. 40/- per Equity Share aggregating to Rs. 40,50,10,400/- comprising of 14,00,000 Equity Shares of Promoter Contribution and net offer to the public was 67,00,208 Equity Shares. Issue opened on September 22, 2010 and closed on September 24, 2010. The Issue has received 4255 applications for 97,57,000 Equity Shares resulting in 1.44 times subscription (before technical rejections). Basis of Allotment was approved by the Bombay Stock Exchange Limited (Designated Stock Exchange) and shares were allotted on October 05, 2010 to the successful investors. On complying with the formalities of Stock Exchanges, Depositories, SEBI and other authorities and bodies, Equity Shares of the Company got listed with both the Stock Exchanges viz. Bombay Stock Exchange Limited and National Stock Exchange of India Limited and started trading from October 11, 2010.
- 6. UTILISATION OF IPO PROCEEDS**
- Under the IPO, Company has allotted 81,00,208 Equity Shares and procured Rs. 40,50,10,400/- (Rupees Forty Crore Fifty Lac Ten Thousand and Four Hundred only). As per the terms and object of the Issue entire funds have been utilized in the project of the Company including utilization of Rs. 33,50,10,400/- (Rupees Thirty Three Crore Fifty Lac Ten Thousand and Four Hundred only) for repayment of the unsecured loan taken for the project of the Company.
- 7. CORPORATE GOVERNANCE**
- The Company has complied with the requirements of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges and accordingly a Report on Corporate Governance together with Auditors' Certificate on Corporate Governance is appended to the Annual Report. Your Company is committed to achieving the highest standards of Corporate Governance and has complied with the requirements of Clause 49 of the Listing Agreement. Further, as required under Clause 49 of the Listing Agreement a Management Discussion and Analysis Report is appended to the Annual Report.
- 8. LISTING INFORMATION**
- The Equity Shares in the Company are in dematerialized form and is listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Listing Fee has been paid to the Stock Exchanges for the year 2011-12. The ISIN No. of the Company is INE528K01011
- 9. CREDIT RATING**
- Company has appointed Fitch Ratings India Private Limited (hereinafter referred to as "Fitch") as Credit Rating agency. Fitch has assigned rating 'B+ (ind)' for Long Term Loan of Rs. 124 Crores (Rupees One Hundred Twenty Four Crore only) and 'F4(ind)' for Non-Fund Based Limits of Rs. 2 Crores (Rupees Two Crores).
- 10. FIXED DEPOSITS**
- Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.
- 11. PARTICULARS OF EMPLOYEES**
- No employee of the Company is covered under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.
- 12. AUDITORS & AUDITORS' REPORT**
- M/s. Anoop Agarwal & Co., Chartered Accountants, statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from them that their reappointment, if made, would be within the limits laid down under Section 224 (1B) of the Companies Act, 1956. The notes on accounts referred to the Auditors' Report are self-explanatory and therefore, do not call for any further explanation.
- 13. PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNING AND OUTGO**
- The particulars as prescribed under sub-section 1(e) of Section 217 of the Act, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed hereto and form part of the report.
- 14. PERSONNEL, INDUSTRIAL RELATIONS AND MARKETING**
- Accelerating sales force performance is a key priority for Companies. Company is in continuous process of discussing the methods for developing a go-to-market strategy and designing sales forces. Your Company relies on its sales teams to deliver revenue growth, and entrust to them their most valuable assets - customers. In turn, your

Company's sales teams brought a remarkable growth in the sales volume and profit margin irrespective of cut throat competition. The industrial relations continued to be cordial.

15. BOARD OF DIRECTORS

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

During the year no changes took place on the Board of Directors of the Company. During the year the Board of Directors met fourteen times.

16. GROUP COMING WITHIN THE DEFINITION OF GROUP AS DEFINED IN THE MONOPOLIES AND RESTRICTIVE TRADE PRACTICES ACT, 1969 (MRTP)

Persons constituting "group" as defined under the MRTP for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time, include, those given in Annexure 'A' which is attached herewith and forms part of this Annual Report.

17. COMMENCEMENT OF PROJECT

The status of progress made on various projects of the Company was as under :

Flour Mill Unit :

It started commercial production of Flour for domestic consumption in March, 2009 with capacity of 1,08,000 MTPA. Your Company proposes to expand its capacities by another 72,000 MTPA taking the total capacity to 1,80,000 MTPA.

Iron & Steel Unit :

Your Company have different steel divisions like Mild Steel Billets (Steel Melt Shop) with a capacity of 1,62,380 MTPA, and Re-rolled Products (TMT) with a capacity of 1,67,400 MTPA and Sponge Iron Plant with a capacity of 99,000 MTPA.

Steel Melt Shop Unit and TMT Unit started commercial operation from May, 2009 whereas Sponge Iron Unit started operation from October, 2010.

Captive Power Plant Unit :

Considering the power requirements of our existing

manufacturing facilities, our Company has set up 18 MW Captive Power Plant to meet its present requirements of power. Captive Power Plant started commercial operation from July 25, 2011.

18. GOVERNMENT INCENTIVES AND SUBSIDIES

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

- 20% subsidy of fixed capital investment.
- Reimbursement of the actual amount incurred on the development of infrastructure facilities like Land, Road, Power, Water etc. (maximum 10% of fixed capital investment)
- 5% additional subsidy of fixed capital investment being first unit under this scheme.
- Transport subsidy for 15 years equivalent to freight paid on import from outside the state on Raw materials i.e. Iron Ore.
- Interest free loan equivalent to Sales Taxes/Commercial Taxes (UPVAT) Amount for a period of 15 years, repayable after 15 years.
- Land on actual cost and concessional rates of registration.
- Entry tax exemption on plant and machinery, spare parts and capital goods.
- Exemption of Mandi Tax - 2% on Wheat purchase.

Company has received subsidy to the tune of Rs. 24.28 Crores from the State Government of Uttar Pradesh till March 31, 2011.

19. ACKNOWLEDGEMENT

Your Directors take this opportunity to express their appreciation for cooperation and assistance received from Government of India, State Government of Uttar Pradesh, Government of West Bengal, and the shareholders, customers, suppliers, Bankers, the Central Government and the State Government agencies during the year under review. The Directors also wish to place on record their appreciation of the devoted and dedicated services rendered by all employees of the Company.

On behalf of the Board

C.P. Agarwal
Chairman

Place : Kolkata
Date : August 02, 2011

Annexure to Directors' Report

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

A. CONSERVATION OF ENERGY

(a) Energy Conservation Measures Taken

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

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

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

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

FORM - A

Disclosure of Particulars with respect to conservation of energy

A.	Power & Fuel Consumption	2010-11	2009-10
1.	Electricity		
	(a) Purchased		
	Total Unit in Lacs	646.42	408.83
	Amount Rs. in Lacs	2714.91	1520.46
	Rate Per Unit (Rs.)	4.19	3.72
	(b) Own Generation		
	Total Units in Lacs	Nil	Nil
	Amount Rs. In Lacs	Nil	Nil
	Rate per Unit	Nil	Nil
2.	Coal		
	Quantity- M.T.	38948.637	1697.308
	Total Cost- Rs. in Lacs	1411.45	65.90
	Average rate-Rs. per M.T.	3624.00	3882.38
3.	Furnace Oil		
	Quantity (K. Ltrs.)	110.963	1195.660
	Total Cost (Rs. Lacs)	35.43	302.93
	Average Rate (Rs. / K. Ltrs.)	31930.00	25335.60

FORM - B

Disclosure of Particulars with respect to technology absorption

RESEARCH & DEVELOPMENT (R&D)

Specific areas in which R & D carried out by the Company
No Research & Development work has been carried out by the Company.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation etc.

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to export, initiative taken to increase exports, development of new export markets for products and export plans.-Nil

2. Total foreign exchange used and earned

(Rs. in Lacs)

	2010-2011	2009-2010
CIF Value of imports	69.49	2.69
Expenditure in foreign currency	Nil	Nil
Earning in foreign currency	Nil	Nil

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

CORPORATE GOVERNANCE PHILOSOPHY

The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Company seeks to focus on enhancement of long-term value creation for all stakeholders without compromising on integrity, social obligations and regulatory compliances. 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 Board of Directors commit themselves to achieve excellence in Corporate Governance by confirming to guidelines on Corporate Governance.

I. BOARD OF DIRECTORS

Size and Composition of the Board

The Directors of the Company are appointed by shareholders at General Meetings. All Directors except Managing Director and Nominee Directors are, subject to Company's Articles of Association, liable to retirement by rotation and at every Annual General Meeting 1/3rd of such Directors as are liable to retire by rotation, if eligible, generally offer themselves for re-election, in accordance with the provisions of Sections 256.

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, 2011. Our Board of Directors has Three Independent Directors.

During the financial year ended 31st March, 2011 Fourteen Meetings of the Board were held on 10th April, 2010, 20th April, 2010, 31st May, 2010, 15th June, 2010, 24th June, 2010, 25th July, 2010, 6th September, 2010, 15th September, 2010, 20th September, 2010, 5th October, 2010, 10th January, 2011, 29th January, 2011, 12th February, 2011 and 16th March, 2011. 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, 2011 are given below :

Name & Designation of the Directors	Category/ Position	Last Annual General Meeting Attended	No. of Board Meetings Attended out of 14 meetings held during the year	No. of Other Directorships	Committee Positions held	
					Chairman	Member
Mr. C. P. Agarwal Chairman & Managing Director	Executive/ Promoter	Yes	14	1	Nil	Nil
Mr. P. P. Agarwal Whole-time Director	Executive / Promoter	Yes	13	1	Nil	Nil
Mr. Nitin M Kandoi Whole-time Director	Executive/ Promoter	Yes	12	1	Nil	Nil
Mr. Jyotirindra Nath Dey Director	Non-Executive /Independent	Yes	11	2	1	2
Mr. Rajesh Kumar Jain Director	Non-Executive /Independent	Yes	8	1	1	2
Mr. Virendra Kumar Keshari Director	Non-Executive/ Independent	Yes	11	1	1	2

Report on Corporate Governance

Notes :

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

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

REAPPOINTMENT OF DIRECTOR :

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

Mr. Prem Prakash Agarwal, Director of the Company retires by rotation and being eligible offer himself for reappointment at the forthcoming Annual General Meeting. Mr. Prem Prakash Agarwal aged 45 years is one of the Promoters of our Company. He is Bachelor of Commerce from the University of Gorakhpur, Uttar Pradesh and has an aggregate experience of twenty years in the manufacturing of wheat flour products and more than a decade of experience in the steel industry. Mr. Agarwal looks after our Company's day to day administration accounts and finance He has been associated with our Company since inception. During this period and under his leadership, the Company has successfully commissioned new projects and achieved higher level of growth. Details of Mr. Agarwal is as under :

Name of the Director	Mr. Prem Prakash Agarwal
Date of Birth	17.04.1966
Date of Appointment	11.02.2005
Qualifications	Bachelor of Commerce
Directorship in other Companies	Gallantt Udyog Limited
Membership/Chairmanship of	
Committees of the other public	
companies on which he is a Director	Nil
No. of Shares held in the Company	33,333

CODE OF CONDUCT :

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

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

In terms of sub-clause (ii) of the said clause and as per 'affirmation of compliance' letters received from the Directors and the members of senior managerial personnel of the Company, I hereby declare that Directors and the members of senior management of the Company have complied with the Code of Conduct during the financial year 2010-11".

Chandra Prakash Agarwal
Chairman and Managing Director

Mayank Agrawal
CEO

Report on Corporate Governance

II. COMMITTEES OF THE BOARD

Audit Committee :

The Company has constituted 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. The Audit Committee is vested with role and powers as mentioned in para C & D respectively of Clause 49(II) of the Listing Agreement. The Audit Committee provides direction to the audit functions and monitors the quality of internal and statutory audit. The responsibilities of the Audit Committee include overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements, recommendation of appointment and removal of statutory auditors and appointment of internal auditors and cost auditors and fixation of their remuneration, review of the quarterly and annual financial statements before submission to Board, review of the adequacy of internal control systems and the internal audit function, review of compliance with laws, inspection of records and audit reports review of management discussion and analysis, review of management letters / letter of internal control weaknesses issued by statutory auditors etc. The Audit Committee of the Company consists of Three Non-Executive Independent Directors, namely, Mr. Virendra Kumar Keshari, Mr. Rajesh Kumar Jain and Mr. Jyotirindra Nath Dey. Mr. Virendra Kumar Keshari is the Chairman of the Company and Mr. Nitesh Kumar acts as a Secretary to the Committee.

The Mr. Virendra Kumar Keshari, Chairman of the Audit Committee attended the last Annual General Meeting held on 6th September, 2010.

During the year 2010-11, six meetings were held on 20th April, 2010, 25th July, 2010, 6th September, 2010, 12th October, 2010, 8th January, 2011 and 12th February, 2011.

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

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

Remuneration Committee :

During the year ended 31st March, 2011, the Remuneration Committee comprised of Mr. Jyotirindra Nath Dey, an Independent Director, as the Chairman and Mr. Virendra Kumar Keshari and Mr. Rajesh Kumar Jain all independent Directors as Members. Mr. Nitesh Kumar, Company Secretary acts as the Secretary to the Committee.

The Remuneration Committee was constituted to discharge the Board's responsibilities relating to compensation of the Company's executive directors and senior management. During the year 2010-11, no meeting of the Remuneration Committee were held.

Remuneration of Directors

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

The aggregate value of salary and perquisites paid for the year ended 31st March, 2011 to Managing/Whole-time Directors are as follows:

Name	Designation	Aggregate Value of Salary & Perquisites (Rs.)
Mr. Chandra Prakash Agrawal	Managing Director	6,00,000/-
Mr. Prem Prakash Agarwal	Wholetime Director	6,00,000/-
Mr. Nitin M Kandoi	Whole-time Director	6,00,000/-

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

(b) Non-Executive Directors

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

The Company has not paid any remuneration to Non-executive Directors other than sitting fees for attending the meetings

Report on Corporate Governance

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, 2011, the Remuneration Committee comprised of Mr. Rajesh Kumar Jain, an Independent Director, as the Chairman and Mr. Virendra Kumar Keshari and Mr. Jyotirindra Nath Dey all independent Directors as Members. Mr. Nitesh Kumar, Company Secretary acts as the Secretary to the Committee and also as the Compliance Officer. The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also looks into redressal of shareholders'/investors' complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

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

During the year 2010-11, eleven meetings of the Share Transfer & Shareholders/Investors Grievance Committee were held on 15th October, 2010, 30th October, 2010, 15th November, 2010, 30th November, 2010, 15th December, 2010, 31st December, 2010, 14th January, 2011, 31st January, 2011, 12th February, 2011, 25th February, 2011 and 31st March, 2011.

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

Names	Designation	Category	Committee Meeting Attended
Mr. R. K. Jain	Chairman	Independent	11
Mr. J. N. Dey	Member	Independent	11
Mr. V. K. Keshari	Member	Independent	11

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

General Body Meetings :

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

Year	Venue	Date	Time
2010	11, Crooked Lane, Second Floor, Kolkata - 700 069.	06.09.2010	10.00 A.M.
2009	"ASHYANA", 29C, Bentinck Street, Kolkata - 700 069.	20.08.2009	01.30 P.M.
2008	"ASHYANA", 29C, Bentinck Street, Kolkata - 700 069.	25.09.2008	01.30 P.M.

Details of Resolutions passed through Postal Ballot.

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

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.

Compliance Certificate :

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

Means Of Communication :

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

Information like quarterly / half yearly / annual financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board to enable them to put them on their websites and communicate to their members. The quarterly / half-yearly / annual financial results are also published in the prescribed format within 48 hours of the

Report on Corporate Governance

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. Nitesh Kumar, Company Secretary as the Compliance Officer.

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

Tel : +91-33-30238671

Telfax : +91-33-22312429.

General Shareholder Information :

1. Date, Time and Venue of 7th AGM	Wednesday, 28th September, 2011 at 2.00 P.M. at Bharatiya Bhasha Parishad, 4th Floor, 36A, Shakespeare Sarani, Kolkata - 700 017.
2. Financial Calender	1st April to 31st March
3. Dates of book closure	22nd September, 2011 to 28th September, 2011
4. Listing on stock exchanges	Bombay Stock Exchange Ltd. (BSE) National Stock Exchange of India Ltd. (NSE)
5. Listing fees for 2011-12	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. Tel : +91-33-30238671 Telfax : +91-33-22312429. Website : gallantt.com E-mail : gil@gallantt.com
8. Works Office	Plot No. AL-5, Sector - 23, Gorakhpur Industrial Development Authority (GIDA) Sahjanwa, Gorakhpur, U.P. Tele : +91-551-2700302 Fax : +91-551-2700320
9. Registrar and Share transfer agent	Share transfers in physical form and other communication regarding share Transfer, certificates, dividends, change of address, etc. may be addressed to : NICHE TECHNOLOGIES PVT. LTD. D-511, Bagree Market, 71, B.R.B. Basu Road, Kolkata - 700 001 Phone Nos. : +91-33-22156823 Fax No. : +91-33-22156823 Contact Person : Mr. S. Abbas E-mail : nichetechpl@nichetechpl.com Web-site : www.nichetechpl.com

Report on Corporate Governance

Categories of shareholding as on 31st March, 2011

Category (as Gallantt Ispat reports to stock exchanges)	Shares Holdings	% of Total
PROMOTERS' HOLDING :		
Promoters	18718131	69.93
Total Promoters' Holding	18718131	69.93
PUBLIC SHAREHOLDING :		
Institutional Investors		
Financial Institution Investor	13,25,145	4.95
Others		
Bodies Corporate	2555380	9.55
Individuals	2719114	10.16
NRI/OCBs	1321055	4.93
Clearing Memb/Clearing Cor (Demat shares in transit)	127680	0.48
Total Public Shareholding	8048374	30.07
GRAND TOTAL	26766505	100

Details of Public Funding Obtained In the Year :

During the Financial Year 2010-11 Company came out with an Initial Public Offering (Issue) of 81,00,000 Equity Shares. Issue opened on September 22, 2010 and closed on September 24, 2010. As per the basis of allotment approved by the Bombay Stock Exchange Limited (Designated Stock Exchange) 81,00,208 Equity Shares were allotted to the successful investors.

Company has procured Rs. 40.50 Crores (Rupees Forty Crores Fifty Lacs) including promoters contribution of Rs. 7.00 Crores (Rupees Seven Crores). This issued proceeds have been utilised by the Company in the project and for General Corporate purpose as per the terms of the issue.

Investor's Correspondence :

For investor matters :
 Nitesh Kumar
 Company Secretary and Compliance Officer
 Secretarial Department
 Gallantt Ispat Limited
 11, Crooked Lane,
 Second Floor,
 Kolkata-700 069 (W.B.)
 Tel : +91-33-30238671
 Telefax : +91-33-22312429

Adoption of Non-mandatory Requirements :

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

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by Gallantt Ispat Limited for the year ended 31st March, 2011, 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, 2011 as per the records maintained by the Registrar and Transfer Agent of the Company and presented to the Investors Grievance Committee.

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

For **Anoop Agarwal & Co.**

Chartered Accountants

H. C. Pant

Partner

Membership No. 017694

Place: Kolkata

Date: 02.08. 2011

CEO/CFO CERTIFICATION

The Board of Director
Gallantt Ispat Limited
11, Crooked Lane, Second Floor,
Kolkata - 700 069.

Re : Financial Statements for the Financial year 2010-11 - Certificate by MD and Manager Accounts & Finance

We, Mayank Agrawal, CEO and Mr. Nitesh Kumar, Manager Accounts & Finance and Company Secretary, of Gallantt Ispat Limited on the review of financial statements and cash flow statement for the year ended 31st March, 2011 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, 2011 which are fraudulent illegal or violative of Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls, for financial reporting, we have evaluated the effectiveness of the internal control systems of the company pertaining the financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or purpose to take rectify these deficiencies.
5. We have indicated to the Auditors & the Audit Committee:
 - (i) there have been no significant changes in internal control over financial reporting during the period.
 - (ii) there have been no significant changes in accounting policies during the period.
 - (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Kolkata
August 02, 2011

Nitesh Kumar
Manager Accounts & Finance
and Company Secretary

Mayank Agrawal
Chief Executive Officer

Management Discussion and Analysis Report

(forming part of the Report of the Directors for the year ended 31st March, 2011)

BUSINESS OVERVIEW :

The Indian economy witnessed a sharp and robust growth during the fiscal 2010-11. Irrespective of the market remained volatile for most part of the year and inflationary trend prevailed, India's gross domestic product (GDP) grew at a robust 8.6 per cent. There was constant pressure of increase in the prices of crude oil which has further fueled the inflation in the prices of important minerals and metals. The situation of inflationary trend started in the previous year in the prices of basic food grains have further worsen for most part of the year. The corrective measures taken by the government hardening the credit norms also could not yield the desired results to curb the inflation. High volatility in the international market more particularly in the economies of developed countries like USA and Europe resulted into increase in the prices of major minerals. There is still uncertainty prevailing in the international market. In the circumstances, more efforts would be required to sustain the Industrial growth at the desired rate.

INDUSTRY OVERVIEW :

Steel Industry

2010-11 saw the global economic recovery gaining strength. After a de-growth of 0.5% in 2009, world economic output rebounded strongly to register 5% growth in 2010. Much of this impetus came from developing and emerging economies, which witnessed 7.3% growth in 2010 compared to 2.7% in 2009. Thankfully, even the advanced economies recovered from a 3.4% contraction in output in 2009 to a growth of 3% in 2010. Economic growth has a direct linkage to steel and steel products demand. By October 2010, industrial production in emerging economies such as India and China had already surpassed the pre-crisis levels. Even some of the advanced economies witnessed a pick-up in industrial production.

With an impressive track record, the country has assumed a favourable place in the world steel industry. Global steel giants from all over the world have shown interest in the industry because of its good performance.

Global economic slowdown hampered the growth of various steel intensive industries, such as, construction in 2009 and its impact also fell on steel demand. However, the Government's proactive incentive plans to boost economic growth by injecting funds in various industries like construction; infrastructure and power will help the steel industry to again achieve its previous growth trajectory. Steel consumption in India is expected to grow significantly in coming years since per capita finished steel consumption is far less from other countries.

According to the year-end review by the Press Information Bureau, India has emerged as the fourth largest producer of steel in the world and the second largest producer of crude steel. The National Steel Policy has a target for taking steel production up to 110 MT by 2019-20. India accounts for around 5 per cent of the global steel consumption. However, its use in railway coaches, wagons, airports, hotels and retail stores is growing immensely. India's steel consumption rose on account of improved demand from sectors like automobile and consumer durables. The scope for raising the total consumption of steel is huge, given that per capita steel consumption is only 35 kg compared to 150 kg across the world and 250 kg in China. While the demand for steel will continue to grow in traditional sectors such as infrastructure, construction, housing, automotive, steel tubes and pipes, consumer durables, packaging and ground transportation, specialised steel will be increasingly used in hi-tech engineering industries such as power generation, petrochemicals, fertilisers, etc. The new airports and railway metro projects will require a large amount of stainless steel. With the growing need for oil and gas transportation infrastructure, huge opportunity is waiting to be tapped by steel manufacturers in the coming years.

Agro Industry (Wheat Products)

With a production reaching ten times in past five years, India is today the second largest wheat producer in the whole world. Various studies and researches show that wheat and wheat flour play an increasingly important role in the management of India's food economy.

Wheat production is about 70 million tonnes per year in India and counts for approximately 12 per cent of world production. Being the second largest in population, it is also the second largest in wheat consumption after China, with a huge and growing wheat demand.

Major wheat growing states in India are Uttar Pradesh, Punjab, Haryana, Rajasthan, Madhya Pradesh, Gujarat and Bihar. All of north is replenished with wheat cultivation. Wheat has a narrow geographic land base of production as compared to rice or pulses. Wheat is a temperate crop requiring low temperatures and most of the country is tropical.

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

OPPORTUNITIES AND THREATS

Opportunities for Agro Division :

Company's plant is located at Purvanchal region of State of Uttar Pradesh which is industrially backward part of the state and keeping in mind consumption and demand of the agro products manufactured by the Company, there is substantial gap between the supply and demand. Being the first unit of such large scale in the region backed up by various incentives and subsidies and opportunities for exploring market within and outside the region, a very high growth in this segment is expected.

Wheat flour products like atta, maida, suji and bran are sold across northern markets like Uttar Pradesh, Bihar, West Bengal etc. in the brand name of "Gallantt". Uttar Pradesh is the largest wheat producing state in the country followed by Punjab, Haryana and Madhya Pradesh. As a practice, our Company procures wheat directly from farmers in the nearby areas and for this our Company has established Wheat Purchase Centres in the nearby wheat cultivating areas for purchase of wheat directly from the farmer.

Opportunities for Steel Division :

Steel industry is core in developing a country. Recovery in Indian economy has given rise to new investment opportunities which will increase demand for steel products. With a very low per capita consumption of steel in India as compared to global average, the opportunity for growth in the domestic market is high. Continuous thrust on the real estate industry, auto and infrastructure industries noticed in last so many years through annual budget of the Indian Government, keep the hope of maintaining the overall growth of the industry at 15% in the years to come. Significant importance is given by the Central Government on the development of urban infrastructures, Agricultural sector, affordable housing etc which are expected to aid for the growth directly or indirectly. With the consistent higher GDP, there will be improvement in the disposable income of the people.

In-house generation and consumption of Power :

Power is an important factor in every manufacturing facility. Considering the power requirements of our existing manufacturing facilities, Company is backed up by 18 MW Captive Power Plant to meet its requirements of power. The benefit of total integration of the steel and power project is that the in house consumption of entire Sponge Iron to manufacture billets which is further rolled into TMT Bars along with installation of captive power plant to utilize the waste heat would improve the profitability of the project thereby making it economically more viable.

Your Company has, over the years, built a strong technical and managerial team who possesses sufficient experience in setting up projects and manage them efficiently. This team is competent enough to set up steel projects at Gorakhpur, Uttar Pradesh. The Company is therefore poised well for further growth and sustainable development.

THREATS & RISKS :

There are however cost factors of financing which the Company has to consider while taking strategic decisions. The upward pressure on inflation has prompted RBI to increase its benchmark rates. This has increased the cost of financing for working capital requirement. Additionally, it is also putting pressure on all the new projects. Already the interest rates for the short term and medium term loans have gone up in the last few months.

Cheaper imports from countries such as China and Ukraine will make steel industry vulnerable. Further lowering of customs duty on steel products or further increasing of excise duty on production of steel products in the union budget could adversely impact the revenue and profitability of steel industry. United States of America and European countries are slowly coming out

of acute slow down of 2009 but unemployment figures and financial system is still a worrying factor which could prove a little drag on the pace of projected economic growth of the country in the current year. But the internal economic factors indicate increasing demand for steel which is expected to command better prices. Electricity continues to be in short supply and its domestic and industrial demand is rising. As the Company is self sufficient in supply of raw materials and has captive facilities for meeting its electricity requirement, the Company is expected to do better in coming years.

The year ahead appears challenging with the volatility in the market, increased and new competition, fluctuating foreign exchange, rising interest rates, inflation, rising crude oil prices, and natural disasters.

OUTLOOK

Global steel production rose by 16.8%, to 1,414 million tonnes in 2010. With a share of over 44%, China continued to be the driving force in the industry. Crude steel output in China grew by 9.3% to 627 million tonnes.

The global steel market has significantly improved since the low of 2008-09. The resilience of the emerging economies, especially China, has been the critical factor enabling the earlier than expected recovery of world steel demand.

The rise in construction activities, too, fuelled volume growth for the steel, thereby indicating that recovery in demand is broad-based and is gathering pace. Companies across sectors are re-launching projects that were shelved and this has increased demand for the metal. The process of re-stocking inventories is also on a high in anticipation of price hike going forward. The domestic demand, especially from the railways, and varied use of stainless steel, will also act as a catalyst in growth of the steel industry in India.

FINANCIAL PERFORMANCE AND FINANCIAL MANAGEMENT

The overall operational performance of the Company has been satisfactory. During the financial year 2010-11, the Company achieved net sales of Rs. 22,727.69 Crores and posted a net profit after tax of Rs. 316.11 Lacs registering a good increase in turnover and profitability.

Borrowing from Commercial Banks and other lenders is integral to running the business. The Company has been availing various types of financial facilities from Commercial Banks and other lenders for meeting fund requirements for implementing the projects and working capital. Options available in the credit market are properly assessed and sufficient care is taken to avail these facilities at competitive terms and conditions and are appropriately secured as per terms of sanction. The borrowings are at competitive cost and their disbursement is linked to the project/working capital requirements. Senior managerial personnel are looking after the arrangement of funds, servicing of debts and management of internal accruals.

The Company arranged Rs. 40,50,10,400/- from Initial Public Offering of 81,00,208 Equity Shares which was deployed in the project as per the terms of the Issue. Equity Shares of the Company got listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited on October 11, 2011.

INTERNAL CONTROLS AND SYSTEMS

Internal controls and proper systems give authenticity to the information, reports, records, documents, transactions and serve as a strong foundation for decision making by the management. The Company has established proper internal control systems and procedures which are compatible with size of its operations and business. Audit Committee reviews the reports of Internal Auditors and monitors effectiveness and operational efficiency of internal control systems. Audit Committee is giving valuable suggestions from time to time in improving the business processes, systems and internal controls.

The various internal control systems prevalent in the Company include:

1. Maintenance of an ERP System for Company's logistic system (sales & marketing), accounting systems and for manufacturing activities have strengthened the Management information system.
2. Periodical verification of assets at both the plants of the Company and stocks of finished goods at warehouses as well as at the depots were carried out at a regular interval.

3. Generation of periodic management reports to monitor the statutory and other compliance.
4. Review of the internal audit system and compliance of the accounting standards prescribed by the Institute of Chartered Accountants of India by an independent audit committee.

ENVIRONMENT PROTECTION

Environmental issues in steel industry are so numerous, complex and interconnected that an adhoc approach to problem solving is no longer considered effective. The growing pressure from all stakeholders requires steel companies to adopt environmental responsibility in all activities. There has been a paradigm shift in the attitude of the corporates as it switches over from 'Passive Environmental Strategies' to 'Proactive Environmental Strategies'. The Company operates on this philosophy and active strategies for environment management and energy conservation policies are formulated and implemented systematically.

Achieving a sustainable balance between environmental protection and economic growth is one of Company's highest values. Company strictly follows the principles of minimizing pollution, wastages and energy usage during manufacturing and maximising the harmony between mankind and his surroundings.

The Company attaches great importance to development of greenery within the premises of the factories, offices and its surroundings. Since the acquisition of land for project site, trees in thousands have been planted.

INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

The Company is taking various initiatives and has adopted various policies to provide better amenities to the employees to keep them motivated and satisfied. The Company is on the trajectory of growth and the challenge is to sustain the growth. Human Resource (HR) has emerged as a strategic business partner and sustainability of growth depends on the robustness of its policies, systems and procedure of Human Resources.

The Company has been regularly monitoring its policy for enhancement in the skills of its employees by providing need based training. Industrial Relations continued to be cordial during the year resulting in constant co-operation by all the employees in day-to-day work and implementing policies of your Company.

STATUTORY COMPLIANCE

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

CAUTIONARY STATEMENT - A DISCLAIMER

Statements in this Management Discussion and Analysis Report describing the Company's objectives, estimates and expectations may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in this report. Important factors that may have impact on Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets, changes in the Government regulations / policies, tax laws and other statutes and other incidental factors. The Company assumes no responsibility to publicly modify or revise any forward looking statements on the basis of any future events or new information. Actual results may differ from those mentioned in the report.

Auditor's Report to the Shareholders

1. We have audited the attached Balance Sheet of GALLANTT ISPAT LIMITED as at 31st March, 2011, 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, 2011.
 - f. In our opinion and to the best of our knowledge and according to the explanation given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956 in the manner as required, and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - ii) In the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date

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

Dated : May 28, 2011

Annexure to the Auditor's Report

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

- i)
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) Fixed assets have been physically verified by the Management. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c) No fixed assets have been disposed during the year.
- ii)
 - a) The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The Company has maintained proper records of its inventories. No material discrepancies were noticed on physical verification.
- iii)
 - a) The Company had taken loan from other company covered in the register maintained under section 301 of the Companies Act, 1956. The number of such parties is three and the maximum amount involved during the year was Rs.5840.11 Lacs and year end balance is Rs.1741.82 Lacs. The company has granted loans, secured or unsecured to Companies, firms or other parties, covered in the register maintained under section 301 of the Act. The number of such party is one and the maximum amount involved during the year was Rs.150.00 Lacs and year end balance is Rs 150.00 Lacs.
 - b) In our opinion, the rate of interest and other terms and conditions on which loan has been taken and granted from company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie prejudicial to the interest of the company.
 - c) The company is regular in repaying the principal amount and interest as stipulated and no amount is overdue.
- 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 prices 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) The Central Government has prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
- 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, 2011.

Annexure to the Auditor's Report

- 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 has accumulated losses of Rs. 302.13 Lacs at the end of the financial year but has not incurred any cash losses during the financial year covered by our audit.
- 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 during the year.
- xix) The Company has not issued any debentures during the year.
- xx) During the year the Company has raised funds through public issue. The end use of funds has been disclosed in Note No. 8 of the "Notes of Accounts" forming part of the financial statements. The end use of money raised by Public issue has been verified by us.
- 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 **Anoop Agarwal & Co.**
Chartered Accountants
(Registration No. 01739C)
(H.C.Pant)
Partner
Membership No. 17694

Dated : May 28, 2011

Balance Sheet

as at 31st March, 2011

(Amount in Rs.)

	Schedule	As at 31st March, 2011	As at 31st March, 2010
A. SOURCE OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	267,665,050	186,662,970
Reserve & Surplus	B	1,122,972,010	782,958,695
Advance against Equity		–	70,000,000
		1,390,637,060	1,039,621,665
LOAN FUNDS			
Secured Loans	C	1,268,593,432	505,216,126
Unsecured Loan	D	174,181,719	346,600,589
		1,442,775,151	851,816,715
DEFERRED TAX LIABILITY		83,189,340	48,743,893
		2,916,601,551	1,940,182,273
B. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	2,164,800,373	1,314,197,052
Less : Accumulated Depreciation		100,307,163	44,951,957
Adjustment of Subsidy Etc.		301,995,650	290,017,316
Net Block		1,762,497,560	979,227,780
Capital work-in-progress		729,573,419	444,551,130
		2,492,070,979	1,423,778,909
INVESTMENT	F	5,145,178	7,100,000
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	208,558,758	98,280,053
Sundry Debtors	H	135,235,818	48,404,215
Cash & Bank Balance	I	30,659,685	6,680,754
Loan and Advances	J	246,280,265	404,772,717
		620,734,527	558,137,739
Less : Current Liabilities & Provisions	K		
Current Liabilities		180,099,236	52,766,899
Provisions		32,048,503	111,100
		212,147,739	52,877,999
NET CURRENT ASSETS		408,586,788	505,259,740
Miscellaneous Expenditure	L	10,798,606	4,043,624
(To the extent not written off or adjusted)			
		2,916,601,551	1,940,182,273
Significant Accounting Policies and Notes on Accounts	T		
Balance Sheet Abstract & Company Profile	U		

As per our Report of even date

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

H. C. Pant

Partner

Membership No. : 17694
Kolkata, 28th May 2011

C. P. Agrawal
Chairman & Managing Director

Nitin M Kandoi
Whole time Director

P. P. Agrawal
Whole time Director

Nitesh Kumar
Company Secretary

Profit and Loss Account for the year ended 31st March, 2011

(Amount in Rs.)

	Schedule	Year ended 31st March, 2011	Year ended 31st March, 2010
1. INCOME			
Sales	M	2,395,006,943	1,274,711,084
Less : Excise Duty		(122,238,182)	(50,150,577)
Other Income	N	205,968,469	30,149,534
Increase (Decrease) in Stock	O	(4,025,737)	75,685,532
Total Income		2,474,711,493	1,330,395,573
2. EXPENDITURE			
Raw Material Consumed & Other Manufacturing Exp	P	2,242,805,784	1,256,486,469
Employee Cost	Q	12,485,066	6,126,498
Interest & Financial Charges	R	62,501,642	20,084,467
Selling & Administrative Expenses	S	16,299,001	8,378,587
Depreciation		55,355,206	38,335,673
Preliminary Expenses Written Off		2,765,849	264,787
Total Expenditure		2,392,212,547	1,329,676,481
3. PROFIT BEFORE TAX		82,498,946	719,092
Less : Provision for Tax			
Income Tax		16,442,450	111,100
Deferred Tax		34,445,447	45,556,225
Less : Expenses related to earlier year		–	9,300
4. PROFIT AFTER TAX		31,611,048	(44,957,533)
5. PROPOSED EQUITY DIVIDEND		13,383,253	–
Corporate Dividend Tax		2,222,800	–
Balance Carried to Balance Sheet		16,004,996	(44,957,533)
6. EARNING PER SHARE (EPS)			
Basic & Diluted Earning Per Share		1.40	(2.41)
Significant Accounting Policies and Notes on Accounts	T		
Balance Sheet Abstract & Company Profile	U		

As per our Report of even date

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

H. C. Pant

Partner

Membership No. : 17694
Kolkata, 28th May 2011

C. P. Agrawal
Chairman & Managing Director

Nitin M Kandoi
Whole time Director

P. P. Agrawal
Whole time Director

Nitesh Kumar
Company Secretary

Cash Flow Statement for the year ended 31st March, 2011

(Amount in Rs.)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	82,498,946	719,092
Addition :		
Depreciation	55,355,206	38,335,673
Misc. Expenditure Written Off during the year	2,765,849	—
Interest Received	—	—
Profit on Sale of Investments	(32,256,824)	—
Expenses relating to earlier years	—	(9,300)
Cash Flow from Operating Activities before Working Capital changes	108,363,176	39,045,465
Less : Income Tax paid	111,100	462,575
Net Cash Flow from operating Activity	108,252,076	38,582,890
Adjustment for :		
Inventory	(110,278,705)	(92,866,574)
Sundry Debtors	(86,831,603)	(36,209,835)
Loans & Advances	158,492,452	(394,169,937)
Current Liabilities	127,332,337	28,164,815
Net Cash Flow from Operating Activities	196,966,557	(456,498,640)
CASH FLOW FROM INVESTING ACTIVITIES		
Increase in Fixed Assets & Capital WIP	(1,123,647,276)	(236,932,625)
Increase in Misc. Expenditure	(9,520,831)	(2,072,189)
Decrease in Investment	1,954,822	—
Interest Received	—	—
Profit on Sale of Investment	32,256,824	—
Net Cash Flow from Investing Activities	(1,098,956,461)	(239,004,814)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in shareholders fund on amalgamation	—	—
Increase in shareholders fund	81,002,080	—
Increase in Share Premium	324,008,320	—
Increase/Decrease in advance against equity	(70,000,000)	—
Increase in Unsecured Loan	(172,418,870)	346,600,589
Increase in Secured Loan	763,377,306	350,360,192
Net Cash Flow from Financing Activities	925,968,836	696,960,781
Net Change in Cash & Cash Equivalent	23,978,932	1,457,327
Opening Balance of Cash & Cash Equivalent	6,680,754	5,223,427
Closing Balance of Cash & Cash Equivalent	30,659,685	6,680,754

As per our Report of even date

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

H. C. Pant

Partner

Membership No. : 17694
Kolkata, 28th May 2011

C. P. Agrawal
Chairman & Managing Director

Nitin M Kandoi
Whole time Director

P. P. Agrawal
Whole time Director

Nitesh Kumar
Company Secretary

(Amount in Rs.)

		As at 31st March, 2011	As at 31st March, 2010
SCHEDULE A	SHARE CAPITAL		
AUTHORISED			
28000000	(Previous Year : 28000000) Equity Shares of Rs. 10/- each	280,000,000	280,000,000
ISSUED, SUBSCRIBED & PAID UP			
26766505	Equity Shares of Rs. 10/- each fully paid up (Previous Year : 18666297 Equity Share)	267,665,050	186,662,970
Of the above 8100208 Equity Share (Net) were issued as fully paid up against IPO			
Total issued, subscribed and paid up Share Capital			
		267,665,050	186,662,970

SCHEDULE B	RESERVE & SURPLUS		
Security Premium A/c			
As at last Balance Sheet		829,176,273	829,176,273
Add : Addition during the year		324,008,320	1,153,184,593
Reserve & Surplus			
As at last Balance Sheet		(46,217,578)	(1,260,045)
Add : Addition during the year		16,004,996	(30,212,582)
		1,122,972,010	782,958,695

SCHEDULE C	SECURED LOAN		
Term Loan from Banks		1,004,863,624	505,216,126
Cash Credit facilities from Bank (Refer note No. 2.1 of the Notes of Accounts)		263,729,808	-
		1,268,593,432	505,216,126

SCHEDULE D	UNSECURED LOAN		
Jai Laxmi Solvents Pvt. Ltd.		15,000,000	-
Gallantt Metal Ltd.		159,181,719	346,600,589
		174,181,719	346,600,589

(Amount in Rs.)

SCHEDULE	E	FIXED ASSETS									
		GROSS BLOCK					DEPRECIATION				NET BLOCK
Particulars	Bal. as on 01.04.2010	Additions during the Yr.	Total	Adj of subsidy etc.	Total as on 31.03.2011	As on 01.04.2010	During the Year	Sales/Adj during the Yr.	Total as on 31.03.2011	WDV as at 31.03.2011	WDV as at 31.03.2010
Land	162,510,402.00	22,827,858.00	185,338,260.00	30,024,055.78	155,314,204.22	-	-	-	-	155,314,204.22	162,510,402.00
Computer	2,687,332.00	1,398,590.00	4,085,922.00	540,263.87	3,545,658.13	519,010.00	410,194.00	-	929,204.00	2,616,454.13	2,168,322.00
Motor Car	10,769,901.74	3,847,597.00	14,617,498.74	1,989,756.51	12,627,742.23	2,086,419.00	1,007,069.00	-	3,093,488.00	9,534,254.23	8,683,482.74
Two Wheeler	302,302.00	-	302,302.00	55,850.78	246,451.22	60,229.00	23,413.00	-	86,642.00	162,809.22	242,073.00
Vehicle Commercial	9,377,243.00	-	9,377,243.00	1,732,460.59	7,644,782.41	2,682,117.00	745,314.00	-	3,427,431.00	4,217,351.41	6,695,126.00
Office Equipment	1,564,548.75	781,130.00	2,345,678.75	319,159.88	2,026,518.87	71,291.00	83,569.00	-	154,860.00	1,871,658.87	1,493,257.75
Furniture & Fixture	510,574.75	1,047,243.00	1,557,817.75	94,329.50	1,463,488.25	14,222.00	77,214.00	-	91,436.00	1,372,052.25	-
Electrical Installation	73,757,048.44	-	73,757,048.44	16,045,108.25	57,711,940.19	4,174,426.00	4,080,234.00	-	8,254,660.00	49,457,280.19	69,582,622.44
Factory Building (Common)	25,554,805.00	-	25,554,805.00	4,721,290.95	20,833,514.05	713,224.00	695,839.00	-	1,409,063.00	19,424,451.05	-
Misc. Assets	23,709,513.93	15,457,183.14	39,166,697.07	6,861,869.49	32,304,827.58	775,199.00	1,206,450.00	-	1,981,649.00	30,323,178.58	22,934,314.93
Non Factory Building	62,602,590.00	3,468,056.00	66,070,646.00	11,565,928.27	54,504,717.73	852,682.00	855,439.00	-	1,708,121.00	52,796,596.73	61,749,908.00
Factory Building (Flour Mill)	76,144,535.18	7,904,452.82	84,048,988.00	14,067,824.23	69,981,163.77	2,737,858.00	2,183,305.00	-	4,921,163.00	65,060,000.77	73,406,677.18
Plant & Machinery (Flour Mill)	109,660,782.09	12,518,498.34	122,179,280.43	20,260,004.27	101,919,276.16	5,343,881.00	4,344,794.00	-	9,688,675.00	92,230,601.16	104,316,901.09
Plant & Machinery (Rolling Mill)	239,907,456.02	21,641,433.00	261,548,889.02	61,934,065.71	199,614,823.31	8,454,021.00	8,741,234.00	-	17,195,255.00	182,419,568.31	231,453,435.02
Plant & Machinery (SMS)	275,354,069.54	2,354,010.68	277,708,080.22	77,875,987.28	199,832,092.94	9,775,165.00	9,432,775.00	-	19,207,940.00	180,624,152.94	265,578,904.54
Plant & Machinery (Sponge Iron)	-	576,600,762.74	576,600,762.74	9,607,228.00	566,993,534.74	-	12,425,064.00	-	12,425,064.00	554,568,470.74	-
Factory Building (Rolling Mill)	96,775,307.00	31,558,732.00	128,334,039.00	17,879,392.21	110,454,646.79	2,700,959.00	3,074,076.00	-	5,775,035.00	104,679,611.79	94,074,348.00
Factory Building (SMS)	143,008,641.00	3,344,687.00	146,353,328.00	26,421,074.35	119,932,253.65	3,991,254.00	3,940,546.00	-	7,931,800.00	112,000,453.65	139,017,387.00
Factory Building (Sponge Iron)	-	145,853,087.00	145,853,087.00	-	145,853,087.00	-	2,028,677.00	-	2,028,677.00	143,824,410.00	-
Total	1,314,197,052.44	850,603,320.72	2,164,800,373.16	301,995,649.92	1,862,804,723.24	44,951,957.00	55,355,206.00	-	100,307,163.00	1,762,497,560.24	1,243,907,161.69

SCHEDULE	F	INVESTMENTS		
Long Term (Quoted)				
Gallantt Metal Limited (At cost)				
1982589	Equity Share of F. V. Rs. 10/- each		4,045,178	7,100,000
Market Value of quoted investment			36,083,120	93,541,500
Long Term (Unquoted)				
Gorakhpur Taxpark Pvt. Limited				
110000	Equity Shares of Rs. 10/- each at cost		5,145,178	7,100,000

SCHEDULE	G	INVENTORIES		
(As Valued & Certified by the Management)				
Raw Material			123,390,712	18,707,822
Finished Goods			72,817,566	76,843,303
Store Items			12,350,480	2,728,928
Total			208,558,758	98,280,053

(Amount in Rs.)

		As at 31st March, 2011	As at 31st March, 2010
SCHEDULE H	SUNDRY DEBTORS		
(Unsecured Considered Good)			
	Exceeding six months	894,624	–
	Others	134,341,194	48,404,215
		135,235,818	48,404,215

SCHEDULE I	CASH & BANK BALANCES		
	Cash Balance in Hand	17,911,394	4,052,976
(As Certified by the Management)			
	With Schedule Banks :		
	- In Current Account	10,732,684	283,383
	- In Fixed Deposit	2,015,607	2,344,394
		30,659,685	6,680,754

SCHEDULE J	LOAN & ADVANCES		
	Advances to Others	141,843,803	161,625,320
	PICUP	85,959,078	242,800,000
	Tax Deducted at Source / Advance Tax	18,293,285	241,297
	Security Deposits	184,100	106,100
		246,280,265	404,772,717

SCHEDULE K	CURRENT LIABILITIES & PROVISIONS		
Current Liabilities			
	Creditors	70,547,176	37,921,861
	Excess cheque issued	42,686,199	–
	Other Liabilities	66,865,861	14,845,038
		180,099,236	52,766,899
Provisions			
	For Income Tax	16,442,450	111,100
	Proposed Dividend	13,383,253	–
	For Dividend Tax	2,222,800	–
		32,048,503	111,100
		212,147,739	52,877,999

(Amount in Rs.)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE L MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	794,361	1,059,148
Public Issue Expenses	10,004,245	2,984,476
	10,798,606	4,043,624

	Year ended 31st March, 2011	Year ended 31st March, 2010
SCHEDULE M SALES		
Atta	29,946,236	7,741,483
Maida	696,129,301	442,293,884
Suji	182,030,850	81,274,687
Chokar	191,576,141	114,910,101
M. S. Bars	1,210,783,080	581,543,684
Miss Rolled Bars	12,961,564	4,929,875
M. S. Billets	24,133,156	–
Sponge Iron	61,138,849	–
	2,408,699,178	1,232,693,714
Less : Cash Discount	10,177,062	6,898,777
Claims on Sales	3,515,173	1,234,429
	2,395,006,943	1,224,560,507

SCHEDULE N OTHER INCOME		
Guarantee Charges on Sale	278,338	141,798
Profit on sale of rights on land	173,410,640	–
Miscellaneous Income	22,667	30,007,736
Profit (Loss) on Sale of Investment	32,256,824	–
	205,968,469	30,149,534

SCHEDULE O INCREASE (DECREASE) IN STOCK		
Closing Stock		
Stock in Trade	72,817,566	76,843,303
Opening Stock		
Stock in Trade	76,843,303	1,157,771
	(4,025,737)	75,685,532

(Amount in Rs.)

		Year ended 31st March, 2011	Year ended 31st March, 2010
SCHEDULE P	RAW MATERIAL CONSUMED & OTHER MANUFACTURING EXP.		
	Wheat	883,077,492	524,372,752
	Raw Material & Consumables in Steel	1,049,627,989	553,921,203
	Packing Material	9,564,606	8,843,748
	Power & Fuel	271,491,856	152,046,211
	Other Manufacturing Expenses	29,043,840	17,302,555
		2,242,805,784	1,256,486,469
SCHEDULE Q	EMPLOYEE COST		
	Salaries, Wages & Bonus	10,905,868	5,922,888
	Provision/Contribution to PF & Other Funds	1,414,385	203,610
	Staff Welfare	164,813	–
		12,485,066	6,126,498
SCHEDULE R	INTEREST & FINANCE CHARGES		
	Interest	61,542,507	20,056,260
	Bank Commission & Financial Charges	959,136	28,207
		62,501,642	20,084,467
SCHEDULE S	SELLING & ADMINISTRATIVE EXPENSES		
	Selling & Distribution Expenses	6,563,381	2,703,927
	Directors Remuneration	1,394,400	497,637
	Repairs & Maintenance Other	197,978	137,107
	Auditor's Remuneration	182,400	138,757
	Insurance Expenses	1,947,035	830,018
	Certification Charges	86,268	73,449
	Rates & Taxes	328,158	172,307
	Legal & Professional Expenses	169,415	310,125
	Misc. Expenses	499,065	168,744
	Office Expenses	36,979	107,498
	Postage Expenses	108,466	80,424
	Power & Fuel	196,092	71,330
	Printing & Stationery	219,948	93,577
	Telephone Expenses	1,114,868	667,918
	Repair & Maintenance (Motor Car)	1,166,302	895,180
	Travelling & Conveyance	2,088,247	1,430,589
		16,299,001	8,378,587

Schedule forming part of the Account

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 net of excise duty, Commercial Tax (UP VAT).
- b) Insurance, duty drawback and other claims are accounted for on receipt basis or as acknowledged by the appropriate authorities.

C. Fixed Assets :

- a) Fixed Assets are stated at their original cost of acquisition/installation less accumulated depreciation and net off subsidies duties and taxes. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use.
- b) Capital work in progress :
All expenses incurred for acquiring, erecting and commissioning of the fixed assets including interest on loan utilized for meeting capital expenditure are shown under capital work in progress. The advance given for acquiring fixed assets is also shown along with capital work in progress.

D. Depreciation :

Depreciation on fixed assets has been provided on straight line method (SLM) at the rates and manner prescribed under Schedule XIV to the Companies Act, 1956 of India.

E. Preliminary Expenses :

Preliminary expenses are amortized over a period of 5 years.

F. Investments :

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

G. Impairment :

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value being higher of value in use and net selling price. An impairment loss is recognized as an expense in the 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 packing material are valued at cost. Costs of Inventories are ascertained on FIFO basis.
- b) Work-in-progress is valued at cost which includes cost of inputs and other overheads upto the stage of completion.

c) Finished Goods are valued at lower of cost and net realizable value.

K. Excise Duty, Commercial Tax (UP VAT) & 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 is eligible for interest free loan from State Government of Uttar Pradesh of the equivalent amount of the VAT liability paid for 15 years which shall be repayable after 15 years.

L. Taxation :

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

M. Foreign Currency Transaction :

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

N. Employee Benefits :

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

O. Prior Period Items :

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

P. Contingent Liabilities :

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

Notes on Accounts :

1. Contingent Liabilities :

- a. Contingent liabilities not provided for in respect of :

(Rs. in Lacs)

Description	2010-2011	2009-2010
Guarantee given by the bank on behalf of the Company to Purvanchal Vidyut Vitran Nigam for Electricity Load Sanction.	150.00	150.00
Guarantees given by the bank on behalf of the Company to Uttar Pradesh Pollution Control Board for NOCs.	12.00	10.00
Guarantees given by the bank on behalf of the Company to Gorakhpur Industrial Development Authority.	--	14.91
Claims not acknowledged as debts (Amount paid to Commercial Tax Department, UP)	24.82	11.14

- b. Estimated amount of contracts remaining to be executed on capital account is Rs. 13780.80 lacs.

(Rs. in Lacs)

2. Secured Loan of the Company consists the following :

Description	2010-2011	2009-2010
Term Loan	10048.63	5052.16
Cash Credit	2637.30	–
Total Secured Loan	12685.93	5052.16

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 Debtors and Stock etc.
- (c) Corporate & Personal Guarantee

Personal Guarantee of the Sri C.P Agarwal, Sri Prem Prakash Agarwal and Sri Nitin M. Kandoi .

ii) Cash credit :

- (a) Hypothecation of entire current assets of the company (present and future) consisting of raw material, SIP, finished goods, store & spares and book debts.
- (b) Extension of First Pari pasu charge over all the borrower's fixed assets (Present & Future).
- (c) Corporate & Personal Guarantee

Personal Guarantee of the Sri C.P Agarwal, Sri Prem Prakash Agarwal and Sri Nitin M. Kandoi .

3. Managerial Remuneration paid/payable to Directors :

Description	2010-2011	2009-2010
Managing Director		
Remuneration	6.00	3.00
Whole Time Director/ Director		
Remuneration	12.00	4.43

During the year the company has paid Rs. 55,500.00 against sitting fee to the directors.

During the year total Rs. 4.61 Lacs has been transferred to pre-operative expenses for the pending capitalization.

4. Payment to Auditors :

Particulars	2010 -2011	2009 -2010
(a) Statutory Auditors :		
i) Audit Fees	1.00	1.00
ii) For certification works	0.86	0.60
iii) Professional fee for review reports.	0.22	–
iv) For Tax & Vat Audit	0.25	0.35
v) For Public Issue Certifications	2.21	–
Total	4.28	1.95

During the year Rs. 2.21 Lacs has been taken into preliminary expenses related to Public issue expenses and Rs. 0.25 Lacs in pre-operative expenses pending for capitalization.

(Rs. in Lacs)

5. Segment Reporting :**a) Primary Segment (By Business Segment) :**

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

Particulars	2010 -2011	2009 -2010
1. Segment Revenue		
a) Steel	11864.22	5864.74
b) Flour	10866.25	6382.29
c) Un allocable Income	2056.90	300.07
Sub Total	24787.37	12547.10
Net Segment Revenue	24787.37	12547.10
2. Segment Results		
a) Steel	(1783.11)	(748.05)
b) Flour	1393.07	717.30
Sub Total	(390.04)	(30.75)
Add : Unallocable Income	2056.90	300.07
Less : Interest	625.01	200.56
Less : Other Unallocable Expenses	216.86	61.66
Profit before Tax	824.99	7.10
3. Capital Employed		
(Segment Assets less Segment Liabilities)		
a) Steel	8168.19	6495.56
b) Agro	1830.82	1680.11
c) Un-allocable	3907.36	2220.54
Total Capital Employed	13906.37	10396.21

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, 2011 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of accounts.

7. Earning/Expenditure in Foreign exchange :

Particulars	2010 -2011	2009 -2010
(a) Expenditure		
Value of Import on CIF basis		
Capital Goods	69.49	2.69
Travelling Expenses	-	-

8. During the year the company concluded its Initial Public offering through which 81,00,208 Equity Shares (including 14,00,000 Equity Shares issued to promoters and Promoers group, contribution proceeds of which Rs. 7,00,00,000/- had been brought

in before opening of the IPO) of Rs. 10/-each at a premium of Rs. 40/- each issued by the company to Qualified Institutional Buyers, Non Institutional Investors and to Retail Individual Investors which closed on 24th September, 2010. The Equity Shares of the Company has been listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited ("Stock Exchanges") and trading in Equity Shares started from 11th October, 2011.

Utilisation of issue Proceeds from Initial Public Offering are under :

Particulars	Amount Utilised up to 31st March, 2011 (Amount in Rs.)	Amount Utilised up to 31st March, 2010 (Amount in Rs.)
General Corporate Purpose	–	–
Repayment of Unsecured Loan taken from the Group Companies for the Project of the Company as per the terms of the issue.	33,50,10,400/-	–

9. Earnings per Shares :

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

(Amount in Rupees)

Particulars	2010 -2011	2009 -2010
Amount used as the numerator		
Net profit attributable to the ordinary Shareholders for Basic Earnings per shares.(Rs.)	31,611,048	(4,49,57,532.87)
No. of Ordinary Shares used as denominator		
Weighted average number of ordinary Shares in issue applicable to Basic/Diluted Earnings per shares	22616535	18628078
Earning Per Shares- Basic & Diluted	1.40	(2.41)

10. Deferred Tax :

Deferred Tax assets and liabilities arising on account of temporary timing differences are as under :

(Rs. in Lacs)

Particulars	2010 -2011	2009 -2010
Deferred tax Liabilities	(998.81)	(489.93)
On account of Timing difference in Depreciation		
Deferred tax Assets		
Minimum Alternate Tax		
Disallowance under Income Tax	166.89	2.46
	0.03	0.03
Closing Deferred Tax Assets/Liability (Net)	(831.89)	(487.44)

11. 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.

12. 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.
13. Balance of the Sundry Debtors, Creditors, Loans and advances are subject to confirmation from respective parties.
14. Other Receivable under the head Loans & Advances includes Excise duty and service tax of Rs. 576.11 Lacs and VAT receivable of Rs163.35 Lacs.
15. As per Government Order of State Government of Uttar Pradesh the company is eligible for interest free loan of equivalent amount of VAT liability paid for 15 years and which shall be re-payable after 15 years. The company has claimed Rs. 1517.55 Lacs up to 31st March 2011 (upto previous year Rs. 502.76 Lacs) on account of this tax liability the amount is yet to be received. However no provision of this amount has been made in the books.
- 16 (a) As per incentive scheme of State Government of Uttar Pradesh vide Government Order No. 1502/77-6-2006-10 tax/04 dated 01st June 2006 and which have been elaborated in Government Order No. 2941/77-6-2006-10 tax/04 dated 30th November 2007 and amended from time to time the company is eligible for incentives i.e. Capital investment subsidy @ 20% of fixed capital investment, infrastructure subsidy @ 10% of total fixed capital investment and 5% additional capital subsidy being the first unit in Purvanchal region. During the year the company has received Rs. 2428.00 Lacs of such incentives against the claim made by company of Rs. 7589.33 Lacs of the capital investment made upto 31st October 2010. The incentive received has been credited in fixed assets in the ratio of capital investment made. No provision has been made for the unrealized claim of Rs. 5161.33 Lacs in the books.
- (b) As per incentive scheme of State Government of Uttar Pradesh vide Government Order No. 1502/77-6-2006-10 tax/04 dated 01st June 2006 and which have been elaborated in Government Order No. 2941/77-6-2006-10 tax/04 dated 30th November 2007 and amended from time to time the company is eligible for incentives including freight subsidy on Iron Ore equivalent to the freight paid to Railway and local handling expenses upto maximum of 5% of the railway freight. During the year company has provided an amount of Rs. 859.59 Lacs, which has been adjusted with freight paid on Iron Ore in Profit Loss account and shown as Advance recoverable in Balance sheet.
17. During the year the company has earned Rs. 17.34 Crore from sale of right in land. Right on land was acquired from the original sellers through negotiation and on terms and conditions as embodied in the agreements entered into with them and afterwards Company has sold the right on land so acquired.
18. Related Party Disclosures (As identified by the Management):

Name of Related Parties and Description of Relationship.

I. Associate Company & Firm	Gallant Udyog Ltd
	Gallantt Metal Ltd
	Chandra Prakash Agrawal & Sons (HUF)
	Gallantt Landmark (Proprietor C.P.Agrawal & Sons HUF)
	Prem Prakash Agrawal HUF
II. Key Managerial Personnel	Mr. Chandra Prakash Agrawal
	Mr. Prem Prakash Agrawal
	Mr. Nitin Kandoi
III. Relatives of Key Managerial Personnel	Mr. Mayank Agrawal
	Mr. Ashutosh Agrawal

Related Party Transaction & Balance :

(Rs. in Lacs)

Nature of Transaction	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Total
Purchase of Goods	17.32	-	-	17.32
Sale of Goods	184.95	-	-	184.95
Loan Taken	13797.70	-	-	13797.70
Loan Given	-	-	-	-
Loan Repayment	15979.28	-	-	15979.28
Interest Paid	338.32	-	-	338.32
Advances	150.00	-	-	150.00
Remuneration Paid	-	18.00	10.80	28.80
Balance of Loan Taken as on 31.03.2011	1591.82	-	-	1591.82
Equity Share Allotment	700.00	-	-	700.00

19. Adjustment of subsidies etc under the heading 'Fixed Assets' as on March 31, 2011 includes Rs. 2428.00 Lacs received from State Government of Uttar Pradesh and Rs. 591.96 Lacs on account of duties and taxes.

20. During the year the company has transferred Rs. 31.83 Lacs from administrative expenses to pre-operative expenses pending capitalisation.

Licensed & Installed Capacity, Production, Stocks and Turnover

(a) Capacity and Production

Items	Unit	As at 31.03.2011			As at 31.03.2010		
		Licensed Capacity	Installed Capacity	Actual Production	Licensed Capacity	Installed Capacity	Actual Production
Flour Mill	MT	NA	108000	82826.160	NA	108000	51137.900
M.S.Billet	MT	NA	162380	42289.935	NA	162380	29349.121
M.S.Bar	MT	NA	167400	39526.947	NA	167400	26054.928
Misroll Bar				1413.489			1009.763
Sponge iron	MT	NA	99000	27234.226*	NA	Nil	Nil

*Commercial operation of sponge iron unit had started on 03.10.2010.

(b) Stock & Turnover

(Rs. in Lacs / Qty in MT)

Items	As at 31.03.2011						As at 31.03.2010					
	Opening Stock		Sales		Closing Stock		Opening Stock		Sales		Closing Stock	
	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount
Maida	141.090	16.93	49740.290	6961.29	3.800	0.46	75.190	8.83	32260.109	4422.94	141.090	16.93
Suji	52.530	6.43	12459.130	1820.31	13.000	1.64	12.000	1.44	5811.462	812.75	52.530	6.43
Atta	12.250	1.32	2196.671	299.46	2.400	0.28	3.040	0.33	628.858	77.41	12.250	1.32
Bran	89.800	7.38	18557.740	1915.76	148.800	13.29	120.20	0.99	12244.039	1149.10	89.800	7.38
M.S.Billet	1475.174	341.67	797.170	241.33	451.218	138.92	Nil	Nil	Nil	Nil	1475.174	341.67
M.S.Bar	1452.498	366.03	39912.435	12107.83	1367.010	464.39	Nil	Nil	24602.430	5815.44	1452.498	366.03
Misroll Bar	167.243	28.68	575.250	129.62	134.332	45.63	Nil	Nil	296.530	49.30	167.243	28.68
Sponge Iron	Nil	Nil	2872.590	611.39	308.205	63.56	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL		768.44		24086.99		728.17		11.59		12326.94		768.44

(c) Raw Material Consumption

Items	As at 31.03.2011		As at 31.03.2010	
	Quantity (MT)	Amount	Quantity (MT)	Amount
Wheat	80022.470	8830.77	49675.001	5243.73
Coal	38948.637	1411.45	1697.308	65.90
Iron Ore / Iron Ore Pellets	53148.541	3840.65	Nil	Nil
Iron Scrap	3028.043	620.88	1044.793	145.00
Sponge Iron*	24053.433	–	29118.579	4288.44
Sponge Iron	19693.524	3400.62	–	–
Pig Iron	610.784	150.24	2040.196	377.08
Billet	–	–	38.507	7.38
Met Coke	–	117.42	969.351	68.89
Billet*	42516.721	–	27911.247	–
Misroll Bar*	871.150	–	545.990	–
Other Material	NA	955.02	NA	586.52
	–	19327.05	–	10782.94

* Represents own produced materials consumed.

Value of Consumption of Imported & Indigenous Raw Materials :

Particulars	As at 31.03.2011		As at 31.03.2010	
	Rs. in lacs	%age of Total	Rs. in lacs	%age of Total
Imported	NIL	NIL	NIL	NIL
Indigenous	19327.05	100.00	10782.94	100.00

Previous year figures have been regrouped and reclassified wherever necessary to facilitate comparison with Current year figures.

As per our Report of even date

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

H. C. Pant

Partner
Membership No. : 17694
Kolkata, 28th May 2011

C. P. Agrawal
Chairman & Managing Director

Nitin M Kandoi
Whole time Director

P. P. Agrawal
Whole time Director

Nitesh Kumar
Company Secretary

ANNEXURE - 'A'

PERSONS CONSTITUTING GROUP WITHIN THE DEFINITION OF "GROUP" FOR THE PURPOSE OF REGULATION 3(1)(e) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 INCLUDE THE FOLLOWING :

Group Structure

The Agarwal Group being a group defined under the Monopolies and Restrictive Trade Practices Act, 1969, controls the Company. A list of its group entities is given below :

- M/s. Gallantt Metal Limited
- M/s. Gallantt Udyog Limited
- M/s. Chandra Prakash Agarwal & Sons (HUF)
- Mr. Chandra Prakash Agarwal
- Mr. Prem Prakash Agarwal
- Mr. Nitin M Kandoi
- Ms. Madhu Agarwal
- Ms. Shyama Agrawal
- Ms. Shruti Kandoi
- Mr. Santosh Kumar Agarwal
- Ms. Uma Agrawal
- Mr. Mayank Agarwal
- Ms. Priyanka Gupta
- Ms. Priya Saraff
- Ms. Chandani Agrawal
- Ms. Stuti Agrawal
- Mr. Prakhar Agrawal
- Ms. Nandika Kandoi
- Ms. Karuna Kandoi
- Ms. Manju Agrawal
- Ms. Anju Pansari
- M/s. Santosh Kumar Agarwal & Sons (HUF)
- M/s. Prem Prakash Agarwal & Sons (HUF)

IMPORTANT COMMUNICATION TO MEMBERS

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

Gallantt Ispat Limited

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

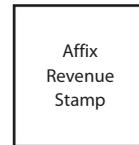
Form of Proxy

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 7th Annual General Meeting of the Company to be held on **Wednesday, 28th September, 2011 at 2.00 P.M.** at Bharatiya Bhasha
Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017 and any adjournment thereof.
Signed this day of 2011

DP ID No.....

Client ID No.....

No. of Shares.....



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

Gallantt Ispat Limited

Registered Office :
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 7th Annual General Meeting of the Company held at Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017 on Wednesday, 28th September, 2011 at 2.00 P.M.

Member's/Proxy's Signature

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

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

BOOK-POST



If undelivered, please return to :

GALLANTT ISPAT LIMITED

11, Crooked Lane, 2nd Floor
Kolkata - 700 069, West Bengal, India