



# GALLANT

METAL LIMITED

Building Tomorrow ...

ANNUAL REPORT 2012-2013



## Chairman's Perspective

### Letter to Shareowners

Dear Shareowners,

It is my privilege and honour to present the Ninth Annual Report and the Audited Accounts of your Company for the year ended 31st March, 2013.

### Economic Scenario

Overall global economy remained weak throughout the year. Following the slowdown induced by the global financial crisis in 2008-09, the Indian economy responded strongly to fiscal and monetary stimulus and achieved a growth rate of 8.6% and 9.3%, respectively, in 2009-10 and 2010-11. However, with inflation rising due to the stimulus, the Reserve Bank of India started raising interest rates in March 2010. High rates as well as policy constraints adversely impacted investment, and in the subsequent two years, 2011-12 and 2012-13, the growth rate fell to 6.2% and 5.0%, respectively. Fiscal 2013 has been a challenging year for the Indian economy. Growth has slowed to levels lower than we have seen in a long time. The current account deficit has increased substantially, which along with other factors has put pressure on the currency. Inflation has remained stubbornly high over the past two years. This coupled with slowdown in advanced countries and the European macroeconomic scenario has further dampened the Indian growth story in the current fiscal.

### Industry and your Company

The Global Steel Industry is going through a challenging phase, which has been aggravated by excess capacity and weak demand growth. Indian Steel Industry plays a significant role in the country's economic growth. The World Steel Association has estimated steel consumption in India to grow at 5% in 2013. Currently ranked the world's fourth largest crude steel capacity, India is expected to become the second largest producer of steel in the world by 2015-16.

It has been a challenging year for Gallant Metal due to adverse economic conditions globally, but I am pleased to report that we finished the year in good shape, with a strong balance

sheet, higher achieved turnover and with our good profit margin.

Our teams have worked hard, actively managing the business, focusing on improving our customer offer and optimising our cash generation in these difficult markets. These are the right things to do to ensure we can deliver value for shareholders over the medium term.

During the year Company has reported a turnover of Rs. 66273.51 Lacs. Company has posted a Profit Before Tax (PBT) Rs. 3324.75 Lacs and Profit After Tax (PAT) Rs. 3175.05 Lacs. Despite sharp volatility in raw material prices and other costs, our team achieved a remarkable turnover and profit margin. Our focus remains on strengthening the balance sheet and keeping ourselves ready for growth opportunities. Company's proposed new Pellet plant with beneficiation unit at Village - Halavarthi, Taluka and District - Koppal, Karnataka is under implementation and legal formalities are being complied with. Land acquisition work for the expansion plan has been completed and Company has also obtained clearances for the new project from the Karnataka Government and Ministry of Environment and Forests.

As India emerges as a major driver of global economic growth, the country's steel requirements are expected to increase. Gallant Metal intends to be a key participant in the Indian steel sector and contribute to help in the country's economic progress. Infrastructure projects in the areas of road construction, mass transit systems, power generation etc. are expected to grow in the years to come and hence, the demand for iron and steel in medium term shall be healthy. The current abysmally low per capita consumption of steel of 59 kg in India compared to the world average of estimated 200 kg strengthens the argument that the domestic steel industry has a huge growth potential.

Thanking you,

Yours truly,

**C. P. Agarwal**

# Corporate Information

## Nineth Annual Report 2012-2013

### **Board of Directors**

Mr. Chandra Prakash Agarwal  
*Chairman & Managing Director*

Mr. Dinesh R. Agarwal  
*Whole-time Director*

Mr. Nitin M. Kandoi  
*Director*

Mr. Prashant Jalan  
*Director (Plant Operation)*

Mr. Rajesh Kumar Jain  
*Non-Executive Independent Director*

Mr. Jyotirindra Nath Dey  
*Non-Executive Independent Director*

Mr. Prasant Kankrania  
*Non-Executive Independent Director*

Mr. Ramesh Kumar Choudhary  
*Non-Executive Independent Director*

**Company Secretary and Manager A&F**  
Mr. Rajesh Upadhyaya

### **Auditors**

A. K. Meharia & Associates  
*Chartered Accountants*

### **Cost Auditors**

Upendra Tiwari & Associates  
*Cost Accountants*

### **Registered Office**

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

### **Works**

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

### **Bankers**

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

### **Equity Shares Listed on**

Bombay Stock Exchange Limited  
National Stock Exchange of India Limited

### **Registrar & Share Transfer Agent**

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

### **Audit Committee**

Mr. Prasant Kankrania - *Chairman*  
Mr. Rajesh Kumar Jain  
Mr. Jyotirindra Nath Dey

### **Share Transfer and Shareholders'/Investors' Grievance Committee**

Mr. Rajesh Kumar Jain - *Chairman*  
Mr. Prasant Kankrania  
Mr. Jyotirindra Nath Dey

### **Remuneration Committee**

Mr. Jyotirindra Nath Dey - *Chairman*  
Mr. Prasant Kankrania  
Mr. Rajesh Kumar Jain

## Contents

Notice 2 Directors' Report 5 Corporate Governance 10

Management Discussion & Analysis 20 Auditors' Report 22 Balance Sheet 26

Statement of Profit & Loss 27 Cash Flow Statement 28 Notes on Financial Statement 29

### **IMPORTANT COMMUNICATION TO MEMBERS**

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

## Notice

Notice is hereby given that the Nineth Annual General Meeting of GALLANT METAL LIMITED will be held on Thursday 19th September, 2013 at 1.30 P.M. at - RABINDRA OKAKURA BHAVAN, DD-27/A/1, Sector - 1, DD Block, Salt Lake City, Kolkata - 700 091 to transact the following business :

### ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as on 31st March, 2013, Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To reappoint Mr. Jyotirindra Nath Dey, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

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

### SPECIAL BUSINESS :

4. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in accordance with the provision of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, Mr. Ramesh Kumar Choudhary, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in accordance with the provision of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, Mr. Prashant Jalan, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to all such sanctions as may be found necessary, approval of the Company be and is hereby given to the appointment of Mr. Prashant Jalan as a Whole-time Director of the Company designated as "Director-Plant Operation" for a period of 3 years effective from 12th August, 2013 on the terms and conditions contained in the agreement entered into with Mr. Prashant Jalan, a copy of which is placed before the meeting and as set out in the explanatory statement annexed hereto, with the liberty and power to the Board of Directors to alter and vary from time to time the amount and the type of perquisites to be provided to Mr. Prashant Jalan, so as not to exceed the remuneration limits as specified to Schedule XIII of the Act or any amendments thereto.

Registered Office :

1, Crooked Lane,  
Second Floor, Room Nos. 222 & 223  
Kolkata - 700 069  
Date : August 12, 2013

By Order of the Board

**Rajesh Upadhyaya**  
*Company Secretary*

# Notice

## NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
  2. The Register of Members and Share Transfer Books of the Company will be closed from 13th September, 2013 to 19th September, 2013 (both days inclusive) in connection with the Annual General Meeting.
  3. Members are requested to bring their copies of the Annual Report, as copies of the Report will not be distributed again at the Meeting.
  4. Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF) :  
Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Act, all application money remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company have been transferred to the IEPF established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.
  5. 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.
  6. 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.
  8. The annual report of the company circulated to the Members of the company, will be made available on the company's website at [www.gallantt.com](http://www.gallantt.com)
  9. The relative Explanatory Statement in respect of item nos. 4, 5 & 6 set out in the Notice is annexed hereto.
- 

## EXPLANATORY STATEMENT :

### Item No. 4

At their meeting held on 12th August, 2013 your Board of Directors appointed Mr. Ramesh Kumar Choudhary as an Additional Director in terms of the provision of Section 260 of the Companies Act, 1956 and Articles of Association of the Company.

As per the provisions of Section 260 of the Companies Act, 1956 and as per the Articles of Association of the Company Mr. Ramesh Kumar Choudhary will be holding office as Director only up to the date of this meeting. A shareholder pursuant to Section 257 of the Companies Act has proposed his candidature for Directorship of the Company, 1956 along with a deposit of Rs. 500/- . The Board considers that the Company will benefit from the association of Mr. Ramesh Kumar Choudhary and recommends the resolution for your approval.

Mr. Ramesh Kumar Choudhary will be considered as an Independent Director pursuant to the provisions of Clause 49 of the Listing Agreement with Stock Exchanges.

None of the Directors of the Company are concerned or interested in this resolution. Mr. Ramesh Kumar Choudhary may, however, be deemed to be concerned or interested in this resolution and his appointment.

### Item No. 5

At their meeting held on 12th August, 2013 your Board of Directors appointed Mr. Prashant Jalan as an Additional Director in terms of the provision of Section 260 of the Companies Act, 1956 and Articles of Association of the Company.

As per the provisions of Section 260 of the Companies Act, 1956 and as per the Articles of Association of the Company Mr. Prashant Jalan will be holding office as Director only up to the date of this meeting. A shareholder pursuant to Section 257 of the Companies Act has proposed his candidature for Directorship of the Company, 1956 along with a deposit of Rs. 500/- . The Board considers that the Company will benefit from the association of Mr. Prashant Jalan and recommends the resolution for your approval.

None of the Directors of the Company are concerned or interested in this resolution. Mr. Prashant Jalan may, however, be deemed to be concerned or interested in this resolution and his appointment.

## Notice

### Item No. 6

At their meeting held on 12th August, 2013 the Board of Directors of the Company appointed Mr. Prashant Jalan as a Whole-time Director of the Company designated as "Director-Plant Operation" for a period of three years effective from 12th August, 2013. Mr. Prashant Jalan is a Bachelor of Commerce from Lucknow University having an overall experience of over 19 years including 5 years in steel industry. He has completed one year Diploma in Material & Supply Chain Management from IMT, Gaziabad in the year 2012. He has joined the Company in the year 2009. Mr. Prashant Jalan has contributed extensively towards the growth of the Company and has been actively responsible together with other officers for the installation, implementation and functioning of units of the project of the Company and attainment of the highest standards of quality. His area of job is diversified and looking after factory operation of the Company. Briefly, the terms and conditions of the appointment and remuneration of Mr. Prashant Jalan are as follows :

Salary :- At the rate of Rs. 40,000/- (Rupees Forty Thousands only) per month From 12th day of August, 2013 in the scale of Rs. 40,000-5,000-55,000/- with provision for annual increment of Rs. 5,000/- from the beginning of the Financial Year.

Others :- Use of car for Company's business, telephone and other communication facilities at residence/ other places, reimbursement of travelling, entertainment and all other expenses for the purpose of business incurred by him shall not be treated as perquisites.

Commission :- No commission shall be paid.

Minimum Remuneration :- The above salary will be payable to the Whole Time Director even in case of loss or inadequacy of profits in respect of any financial year during his tenure of office in compliance with Schedule XIII to the Companies Act, 1956.

Sitting Fees :- The Whole Time Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

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

The said appointment as Whole-time Director as well as the remuneration is subject to the approval by the Members in the next General Meeting.

The remuneration proposed to be paid to Mr. Prashant Jalan is justified having regard to the nature of services required from him and is commensurate with his knowledge and experience in the industry. He does not hold directorship in the other Company.

The Board recommends adoption of the resolution.

Mr. Prashant Jalan may be interested or concerned in the said resolution. None of the other Directors are interested or concerned in the aforesaid resolution.

In compliance with the provisions of Section 309 of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in General Meeting for their approval.

The proposed resolution along with explanatory statement which sets out the material terms and conditions in respect of appointment of Mr. Prashant Jalan as a Whole-time Director of the Company be also treated as an Abstract and Memorandum of interest under Section 302 of the Companies Act, 1956.

The Agreement entered into with Mr. Prashant Jalan in terms of the Special Resolution under item No. 6 of the notice will be made available for inspection at the Registered Office of the Company on any working day, prior to the date of this Nineth Annual General Meeting between 11.00 A. M. and 1.00 P. M. and will also be available for inspection from 1.30 P.M. at the place and date of the Meeting.

Registered Office :  
1, Crooked Lane,  
Room Nos. 222 & 223, Second Floor  
Kolkata - 700 069  
Date : August 12, 2013

By Order of the Board

Rajesh Upadhyaya  
Company Secretary

# Directors' Report

## Dear Members

Your Directors have pleasure in presenting the 9th Annual Report of the Company and the Annual Accounts for the year ended 31st March, 2013.

### 1. FINANCIAL RESULTS

(₹ in Lacs)

Financial Results	2013	2012
Net Sales/Income from operation (Net of Excise Duty)	66273.51	58532.36
Other Income	467.29	284.99
Profit before Interest, Depreciation and Tax	5950.09	4684.57
Less : Finance Cost	1033.38	1594.69
Profit before Depreciation & Tax	4916.71	3089.88
Less : Depreciation (including amortization)	1591.96	1553.54
Profit Before Tax	3324.75	1536.34
Tax Expenses	149.70	82.02
Profit After Tax	3175.05	1454.32

### 2. RESULTS OF OPERATIONS

During the year your Company has reported a turnover of ₹ 66,273.51 Lacs. The operating profit stood at ₹ 5,950.09 Lacs. The Profit before Tax and Profit after Tax remains ₹ 3,324.75 Lacs and ₹ 3,175.05 Lacs respectively. The basic earnings per share for 2012-13 were ₹ 3.90 as against ₹ 1.79 for the previous year. Financial Year 2012-13 was a challenging year. Despite adverse Global as well as Indian economy, your Company performed reasonably well and Gallant Metal looks ahead to a hopeful further systematic robustness in the business and operation. Your Directors continue to identify opportunities to leverage and introduce technology to improve our performance, be it in operations, people management, and knowledge management and to strengthen proactive stakeholder relations.

### 3. PROJECTS AND EXPANSION INITIATIVES

The Company has decided to set-up a new Pellet plant with beneficiation unit at village-Halavarthi, Taluka and District - Koppal, Karnataka. Company has acquired a land of 106 acres (approx.) for the expansion plan as above

and has also obtained clearances for the new project from the Karnataka Government and Ministry of Environment and Forests.

### 4. DIVIDEND

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

### 5. DIRECTORS' RESPONSIBILITY STATEMENT

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

- A. The Applicable Accounting Standards have been followed in the preparation of Annual Accounts.
- B. That the accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2013.
- C. That proper and sufficient care has been taken for

# Directors' Report

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.

## 6. CORPORATE GOVERNANCE

Your Company is committed to maintain and execute highest standards of Corporate Governance and creating long-term value for all its stakeholders. To pursue this objective, the Company remains steadfast in its value systems that incorporate integrity, transparency and fairness across all its business activities. Gallant Metal's value systems are based on the foundation of fair and ethical practices in all its dealings with stakeholders including customers, vendors, contractors, suppliers and all others who are part of the Company's business value chain. Towards this end, all Directors and Senior Management are committed to the Company's Code of Conduct, the compliance to which is periodically reviewed. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, a Report on Corporate Governance together with Auditors' Certificate on Corporate Governance is appended to the Annual Report. Further, as required under Clause 49 of the Listing Agreement a Management Discussion and Analysis Report is appended to the Annual Report.

## 7. 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 2013-14. The ISIN No. of the Company is INE297H01019.

## 8. FIXED DEPOSITS

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

## 9. 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.

## 10. AUDITORS & AUDITORS' REPORT

M/s. A. K. MEHARIA & ASSOCIATES, Chartered Accountants, statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from them that their reappointment, if made, would be within the limits laid down under Section 224 (1B) of the Companies Act, 1956.

The notes on accounts referred to the Auditors' Report are self-explanatory and therefore, do not call for any further explanation.

## 11. COST AUDITORS

M/s. Upendra Tiwari & Associates, Cost Auditors have been appointed as Cost Auditors of the Company for conducting Cost Audit for the Financial Year 2012-13.

## 12. 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.

## 13. PERSONNEL, INDUSTRIAL RELATIONS AND MARKETING

Gallant's high-performance culture is the driving force behind the business. The Company has witnessed exponential growth over the years in terms of volumes and profitability, driven by excellent contribution of its focused, dedicated and productive human resource. Gallant believes in creating a work environment of fairness, transparency and mutual respect wherein the aspirations of employees and the goals of the Company are aligned.

## 14. DIRECTORS

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

# Directors' Report

At their meeting held on 12th August, 2013 the Board of Directors of your Company has appointed Mr. Ramesh Kumar Choudhary and Mr. Prashant Jalan as Additional Directors of the Company. Mr. Ramesh Kumar Choudhary will be considered as an Independent Director within the meaning of Clause 49 of the Listing Agreement.

At the same meeting of the Board, Mr. Prashant Jalan has been appointed as a Whole-time Director of the Company for a period of three years subject to the approval of the Shareholders at the General Meeting. Mr. prashant Jalan has been designated as Director (Plant Operation).

## 15. CREDIT RATING

Credit Analysis & Research Ltd (hereinafter referred to as "CARE") has assigned grade BBB for credit rating of Term Loan and Grade A3+ for working capital facilities.

## 16. FINANCE AND ACCOUNTS

The significant rise in raw material cost and other input cost had an adverse effect on the profitability and cash flow. However, the ratios of Debt/Equity and the Interest covers are healthy. The accounts have been prepared as per the revised Schedule VI of the Companies Act, 1956. The internal accruals are being utilized for in the business for meeting working capital requirements and in funding other capital expenditure.

## 17. ACKNOWLEDGEMENT

Your Directors would like to acknowledge and place on record their sincere appreciation to all stakeholders - customers, Banks, Central and State Governments, the Company's valued investors and all other business partners for their continued co-operation and excellent support received during the year.

On behalf of the Board

Place : Kolkata  
Date : August 12, 2013

**C. P. Agarwal**  
*Chairman*

## Annexure to Directors' Report

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

### A. CONSERVATION OF ENERGY

#### (a) Energy Conservation Measures Taken

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

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

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

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

**FORM - A**  
**Disclosure of Particulars with respect to Conservation of Energy**

		2012-13	2011-12
<b>A.</b>	<b>Power &amp; Fuel Consumption</b>		
	<b>1. Electricity</b>		
	<b>(a) Purchased</b>		
	Total Unit in Lacs	<b>70.19</b>	55.43
	Amount ₹ in Lacs	<b>608.14</b>	495.72
	Rate Per Unit (₹)	<b>8.66</b>	8.94
	<b>(b) Own Generation</b>		
	Total Units in Lacs	<b>1,751.58</b>	1,625.48
	Amount ₹ In Lacs	<b>6,553.02</b>	7,325.60
	Rate per Unit (₹)	<b>3.74</b>	4.51
	<b>2. Coal</b>		
	Quantity - M.T.	<b>224975</b>	229816
	Total Cost - ₹ in Lacs	<b>11323.43</b>	10602.72
	Average rate (₹ per M.T.)	<b>5033</b>	4614
	<b>3. Furnace Oil</b>		
	Quantity (K. Ltrs.)	<b>260.254</b>	625.671
	Total Cost (₹ Lacs)	<b>104.85</b>	233.28
	Average Rate (₹ / K. Ltrs.)	<b>40288</b>	37284
<b>B.</b>	<b>Consumption per unit of production</b>		
	<b>1. Electricity (Unit/M.T.)</b>		
	- Sponge Iron	<b>71</b>	72
	- Rolling	<b>94</b>	93
	- SMS (Furnace)	<b>728</b>	756
	<b>2. Coal</b>		
	- Sponge Iron (Kg/M.T.)	<b>805</b>	960
	- Rolling (M.S. Bar) (Kg/M.T.)	<b>73</b>	99
	- Power Plant (Per 1000 KWH)	<b>657</b>	777

# Annexure to Directors' Report

## 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

(₹ in Lacs)

	2012-13	2011-12
CIF Value of Imports	23084.28	5307.27
Expenditure in Foreign Currency	79.92	8.86
Earning in Foreign Currency	Nil	Nil

On behalf of the Board

Place : Kolkata

Date : August 12, 2013

**C. P. Agarwal**

*Chairman*

# Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

## CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance ensures high standards of transparency, accountability, ethical operating practices, professional management thereby enhancing shareholders' value and protecting the interest of the stakeholders such as depositors, creditors, customers, suppliers and employees. Good Corporate Governance practices stem from the culture and mindset of the organization and at Gallant Metal it is an ongoing process and the Company continuously strives to improve upon its practices in line with the changing demands of the business environment. It is our endeavor to achieve highest standards and provide oversight and guidance to management in strategy implementation and risk management and fulfillment of goals and objectives. This chapter reports and confirms that your Company complies with the requirements on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, the details of which are given hereunder :

### I. BOARD OF DIRECTORS

The Company has a well profiled Board with varied management expertise. The Board's role, functions, responsibility and accountability are known to them due to their vast experience. The Board provides and critically evaluates strategic direction of the Company, management policies and their effectiveness. Their main function is to ensure that long-term interests of the stakeholders are being served.

#### Size and Composition of the Board

The composition of the Board is in conformity with Clause

49 of the Listing Agreement. The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Board is balanced comprising Executive and Non-Executive Directors. The Non-Executive Directors include independent professionals. The Board has strength of Six Directors as on 31st March, 2013 including three Non-Executive Independent Directors. At their meeting held on 12th August, 2013, Board of Directors of the Company appointed Mr. Prashant Jalan and Mr. Ramesh Kumar Choudhary as Additional Directors of the Company. At the same meeting, Mr. Prashant Jalan has been appointed as Whole-time Director to be designated as Director (Plant Operation) for a period of three years effective from 12th August, 2013. Mr. Ramesh Kumar Choudhary shall be regarded as an Independent Director within the meaning of Clause 49 of the Listing Agreement. Hence, presently Board has strength of Eight Directors including Four Independent Directors.

During the financial year ended 31st March, 2013 Ten meetings of the Board were held on 27th April, 2012, 29th May, 2012, 11th June, 2012, 11th August, 2012, 16th October, 2012, 24th November, 2012, 5th February, 2013, 13th February, 2013, 23rd March, 2013 and 30th March, 2013. The maximum time gap between any two consecutive meetings did not exceed four months. 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, 2013 are given below:

Name & Designation of the Directors	Category/Position	Last Annual General Meeting Attended	No. of Board Meetings Attended out of 10 meetings held during the year	No. of Other Directorships	Committee Positions held	
					Chairman	Member
Mr. Chandra Prakash Agarwal Chairman & Managing Director	Executive/Promoter	Yes	10	1	Nil	Nil
Mr. Nitin M Kandoi Director	Non-Executive Non-Independent Promoter	No	7	1	Nil	Nil
Mr. Dinesh R. Agarwal Whole-time Director	Executive/ Promoter	No	5	2	Nil	Nil
Mr. Jyotirindra Nath Dey	Non-Executive/ Independent	Yes	9	2	1	2
Mr. Rajesh Kumar Jain	Non-Executive/ Independent	No	10	1	1	2
Mr. Prasant Kankrania	Non-Executive/ Independent	Yes	10	Nil	Nil	Nil

# Report on Corporate Governance

## Notes :

- Mr. Rajesh Kumar Jain, Mr. Jyotirindra Nath Dey and Mr. Prasant Kankrania 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.

No Directors have any inter se relationship.

Names of directors and their shareholding in the Company as on March 31, 2013 are as follows :

<b>Name of Directors</b>	<b>No. of Shares held</b>
Chandra Prakash Agarwal	3,00,000
Prem Prakash Agarwal	2,10,000
Nitin M Kandoi	10,500
Rajesh Kumar Jain	—
Jyotirindra Nath Dey	—
Piyush Kankrania	—

## Changes in Composition of the Board of Directors since Last Report :

Mr. Prashant Jalan and Mr. Ramesh Kumar Choudhary have been appointed as Additional Directors of the Company. Further, Mr. Prashant Jalan has been appointed as Whole-time Director to be designated as Director (Plant Operation) for a period of three years effective from 12th August, 2013. Mr. Ramesh Kumar Choudhary has been considered as Independent Directors as he does 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 his judgment.

## Appointment/Re-appointment of Directors :

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

(a) Name of the Director	Mr. Jyotirindra Nath Dey
Date of Birth	05.06.1937
Father's Name	Late Amarnath Dey
Date of Appointment	30.11.2005
Qualifications	Electrical Engineer
Experience	<p>Mr. Jyotirindra Nath Dey is an electrical engineer having experience of over 43 years in industry, management and engineering, development of technology, banking and commerce. He is a member of various professional bodies viz. Association of Consulting Engineering (I), Indian Society of Lighting Engineer, Arbitration Council of India, and many more.</p> <p>Under his Directorship and guidance, the Company has completed and achieved various targets and plans and the Company achieved higher levels of growth. His expertise as an electrical engineer has been instrumental in contributing to the growth of the Company.</p>

## Report on Corporate Governance

Directorship in other Companies	<ol style="list-style-type: none"> <li>1. Gallant Ispat Limited</li> <li>2. Concrete Credit Limited</li> <li>3. Princeton Comtrade Private Limited</li> <li>4. Saheli Goods Private Limited</li> <li>5. Woodland Tradelink Private Limited</li> <li>6. Nilgiri Vanijya Private Limited</li> <li>7. Primelink Dealer Private Limited</li> </ol>
Membership/Chairmanship of Committees of the other public companies on which he is a Director	<ol style="list-style-type: none"> <li>1. Gallant Ispat Limited</li> <li>2. Concrete Credit Limited</li> </ol>
No. of Shares held in the Company	NIL
(b) Name of the Director	Mr. Prashant Jalan
Date of Birth	01.07.1974
Father's Name	Mr. Shyam Sunder Jalan
Date of Appointment	12.08.2013
Qualifications	Bachelor of Commerce from Lucknow University and One year Diploma in Material & Supply Chain Management, IMT, Gaziabad.
Experience	He has an overall experience of over 19 years including 5 years in steel industry. He has joined the Company in the year 2009. Mr. Prashant Jalan has contributed extensively towards the growth of the Company and has been actively responsible together with other officers for the installation, implementation and functioning of units of the project of the Company and attainment of the highest standards of quality. His area of job is diversified and looking after factory operation of the Company.
Directorship in other Companies	NIL
Membership/Chairmanship of Committees of the other public companies on which he is a Director	NIL
No. of Shares held in the Company	NIL
(c) Name of the Director	Mr. Ramesh Kumar Choudhary
Date of Birth	20.02.1976
Father's Name	Mr. Om Prakash Choudhary
Date of Appointment	12.08.2013
Qualifications	B.Com (H), Chartered Accountants
Experience	Mr. Ramesh Kumar Choudhary is a Commerce Graduate and a qualified Chartered Accountant. He possesses a rich experience of Eight years in the field of Accounts, Taxation, Finance, Company Affairs and Legal & Compliances, etc. He is a partner in VKR & Co., Chartered Accountants.
Directorship in other Companies	NIL
Membership/Chairmanship of Committees of the other public companies on which he is a Director	NIL
No. of Shares held in the Company	100

# Report on Corporate Governance

## CODE OF CONDUCT

The code of conduct in line with the provisions of clause 49 of the Listing Agreement has been framed / adopted by the Board and is applicable to all the members of the Board and Senior Management Executives. This Code forms an integral part of the Company's Governance Policy. The Code has been posted on the web site of the Company [www.gallantt.com](http://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 Gallant Metal 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](http://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 2012-13".

Place : Kolkata

Date : August 12, 2013

**Chandra Prakash Agarwal**

*Chairman and Managing Director*

## II. COMMITTEES OF THE BOARD

### Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956. All the Members of the Committee are Independent Directors and every Member has rich experience in the financial sector. The Company Secretary acts as Secretary to the Committee. Statutory Auditors, Internal Auditors, Cost Auditors and Senior Management Personnel of the Company can also attend the meetings by invitation. The recommendations of the Audit Committee are placed before the Board for its consideration and approval.

During the year ended 31st March, 2013, the Audit Committee comprised of Mr. Prasant Kankrania, an Independent Director, as the Chairman, Mr. Jyotirindra Nath Dey and Mr. Rajesh Kumar Jain all independent Directors as Members. Mr. Rajesh Upadhyaya, Company Secretary acts as the Secretary to the Committee.

Mr. Prasant Kankrania, Chairman of the Audit Committee attended the last Annual General Meeting held on 25th September, 2012.

The Committee, in addition to other business reviews the quarterly (unaudited) financial results, annual accounts, before submitting to the Board of Directors. During the year 2012-13, Six meetings were held on 29th May, 2012, 29th June, 2012, 11th August, 2012, 16th October, 2012, 13th February, 2013 and 30th March, 2013.

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

Name	Designation	Category	Committee Meeting Attended
Mr. P. Kankrania	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, 2013, the Remuneration Committee comprised of Mr. Jyotirindra Nath Dey, an Independent Director, as the Chairman and Mr. Prasant Kankrania and Mr. Rajesh Kumar Jain all independent Directors as Members. Mr. Rajesh Upadhyaya, 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 2012-13, one meeting of the Remuneration Committee was held on 11th August, 2012.

# Report on Corporate Governance

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

Names	Designation	Category	Committee Meeting Attended
Mr. J. N. Dey	Chairman	Independent	1
Mr. P. Kankrania	Member	Independent	1
Mr. R. K. Jain	Member	Independent	1

## Remuneration of Directors

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

The aggregate value of salary and perquisites paid for the year ended 31st March, 2013 to Managing/Whole-time Directors are as follows :

Name	Designation	Aggregate Value of Salary & Perquisites (₹)
Mr. Chandra Prakash Agarwal	Managing Director	14,40,000/-
Mr. Dinesh R. Agarwal	Whole-time Director	14,40,000/-

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

The Company has not paid any remuneration to Non-executive Directors other than sitting fees for attending the meetings of the Board and Committees of the Board of Directors of the Company. The Company pays sitting fees of Rs. 500/- to its Non-executive Directors for attending the meeting of the Board of Directors or Committees of the Board.

## Share Transfer & Shareholders/Investors Grievance Committee

During the year ended 31st March, 2013, the Share Transfer & Shareholders/Investors Grievance Committee comprised of Mr. Rajesh Kumar Jain, an Independent Director, as the Chairman and Mr. Prasant Kankrania and Mr. Jyotirindra Nath Dey all independent Directors as Members. Mr. Rajesh Upadhyaya, Company Secretary acts as the Secretary to the Committee and also as the Compliance Officer.

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 rajesh@gallantt.com designated exclusively for the purpose.

During the year 2012-13, one meeting of the Share Transfer & Shareholders/Investors Grievance Committee was held on April 16, 2012.

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	1
Mr. P. Kankrania	Member	Independent	1
Mr. J. N. Dey	Member	Independent	1

During the year Company has received one complaint which was successfully redressed.

As required under Clause 47(c) of the Listing Agreements entered into by Gallant Metal with Stock Exchanges, a certificate is obtained every six months from a practising Company Secretary that all transfers have been completed within the stipulated time. The certificates are forwarded to BSE and NSE.

# Report on Corporate Governance

In terms of SEBI's circular no. D&CC/FITTC/CIR-16 dated December 31, 2002, as amended vide circular no. CIR/MRD/DP/30/2010 dated September 6, 2010 an audit is conducted on a quarterly basis by a practicing Company Secretary, for the purpose of, inter alia, reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued/paid up equity share capital of Gallant Metal. Certificates issued in this regard are forwarded to BSE and NSE, where the equity shares of Company are listed as well as to the two Depositories viz, NSDL and CDSL.

## III. SUBSIDIARY COMPANY

Company has no subsidiary Company(s).

## IV. DISCLOSURE

- There were no materially significant related party transactions i. e. transactions of the Company of material nature, which its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. The related party transactions are duly disclosed in the "Notes on Accounts" to the Balance Sheet.
- There were no cases of non-compliance by the Company and no penalties / strictures imposed on the Company by any statutory authority on any matter.

### General Body Meetings

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

Year	Venue	Date	Time
2012	Rabindra Okakura Bhavan, DD-27/A/1, Sector - 1, DD Block, Salt Lake City - Kolkata - 700 091	25.09.2012	1.30 P.M.
2011	Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017	28.09.2011	11.30 A. M.
2010	EZCC, 'Aikatan', IA - 290, Sector - III, Salt Lake City, Kolkata - 700 097.	24.09.2010	11.30 A.M.

Special Resolutions passed in the previous three Annual general Meetings are as follows :

AGM	AGM Date	Special Resolution passed through show of hands
2012	25.09.2012	Alteration of Articles of Association for insertion of new Articles 96A & 125A
2011	28.09.2011	No Special Resolution was passed
2010	24.09.2010	1. Increase in Remuneration of Mr. Chandra Prakash Agarwal, Managing Director 2. Increase in Remuneration of Mr. Dinesh R. Agarwal, Whole-time Director 3. Reappointment of Mr. Chandra Prakash Agarwal as a Managing Director for a period of five years with effect from 01.09.2010 4. Reappointment of Mr. Dinesh R. Agarwal as a Whole-time Director for a period of five years with effect from 01.11.2010

### Details of Resolutions passed through Postal Ballot.

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

### Court Convened Meeting of Shareholders

No Court Convened Meeting of Shareholders of the Company was held during the year under report.

### 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.gallant.com](http://www.gallant.com) containing basic information about the Company viz., details of its business, financial information, shareholding pattern,

# Report on Corporate Governance

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.

The Quarterly, half yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are also published in the prescribed format within 48 hours of the conclusion of the meetings of the Board in which they are considered and approved, in one English newspaper circulating in the whole or substantially the whole of India and in one vernacular newspaper of West Bengal. These results are simultaneously posted on the website of the Company at [www.gallantt.com](http://www.gallantt.com)

Shareholding Pattern and Corporate Governance Report are also filed electronically on NEAPS. NEAPS stands for NSE Electronic Application Processing System. NEAPS is a web based application designed by NSE for Corporates.

## Management Discussion & Analysis Report

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

## Compliance Officer

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

Address : 1, Crooked Lane, Second Floor, Room No. 222 & 223, Kolkata - 700 069

Tel :- +91-33-40642189, Telfax :- +91-33-22312429

## GENERAL SHAREHOLDER INFORMATION :

- |                                       |  |
|---------------------------------------|--|
| 1. Date, Time and Venue of 9th AGM    | Thursday, 19th September, 2013 at 1.30 P.M.<br>at RABINDRA OKAKURA BHAVAN, DD-27/A/1, Sector - 1, DD Block,<br>Salt Lake City, Kolkata - 700 091   |
| 2. Financial Calender                 | 1st April to 31st March  |
| 3. Dates of Book Closure              | 13th September, 2013 to 19th September, 2013   |
| 4. Listing on Stock Exchanges         | Bombay Stock Exchange Ltd. (BSE)<br>National Stock Exchange of India Ltd. (NSE)  |
| 5. Listing Fees for 2013-14           | Paid for both the Stock Exchanges  |
| 6. Electronic Connectivity            | National Securities Depository Ltd. (NSDL) &<br>Central Depository Services (India) Ltd.   |
| 7. Registered Office                  | 1, Crooked Lane, Second Floor,<br>Room No. 222 & 223, Kolkata- 700 069.<br>Tel : +91-33-40642189;<br>Fax : +91-33-22312429<br>E-mail : <a href="mailto:gml@gallantt.com">gml@gallantt.com</a><br>Website : <a href="http://gallantt.com">gallantt.com</a>  |
| 8. Works                              | Near Toll Gate, Village - Kamakhiali, Taluka-Bachau,<br>District - Kutch, Gujarat.<br>Tel : +91-2837283689<br>Telefax : +91-2837-283555/557  |
| 9. Registrar and Share Transfer Agent | Share transfers in physical form and other communication regarding<br>share Transfer, certificates, dividends, change of address, etc. may be<br>addressed to :<br><br><b>NICHE TECHNOLOGIES PVT. LTD.</b><br>D-511, Bagree Market, 71, B.R.B. Basu Road, Kolkata - 700 001<br>Phone Nos. : +91-33-22156823<br>Fax No. : +91-33-22156823<br>Contact Person : Mr. S. Abbas<br>E-mail : <a href="mailto:nichetechpl@nichetechpl.com">nichetechpl@nichetechpl.com</a><br>Website : <a href="http://www.nichetechpl.com">www.nichetechpl.com</a> |

# Report on Corporate Governance

## 10. Stock Market Data

Monthly high and low quotations of shares traded on Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited for the Year 2012-13.

(Amount in ₹)

Year 2012-13	BSE		NSE	
	Month	High	Low	High
April	19.65	17.85	19.75	17.70
May	18.85	17.00	18.95	17.00
June	24.90	16.80	24.35	16.90
July	24.05	20.50	24.15	20.35
August	24.50	22.20	24.45	22.50
September	27.15	23.80	27.20	23.85
October	29.45	27.60	29.40	27.50
November	29.80	26.70	29.75	26.90
December	29.30	27.65	29.30	27.60
January	28.30	26.90	28.10	26.75
February	27.55	22.20	27.75	22.05
March	23.45	16.20	23.40	16.20

### Share Transfer System

Shares sent for transfer in physical form are normally registered by our Registrar and Share Transfer Agents within 15 days of receipt of the documents, if documents are found in order. Shares under objection are returned within two weeks.

### Dematerialisation of Shares and Liquidity

The Shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both NSDL and CDSL 99.999% of Equity Shares have been dematerialized as on 31st March, 2013.

### Stock Code

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

### Distribution Of Shareholding

The distribution of shareholding as on 31st March, 2013 was as follows :

No. of Shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	5386	73.47	1071442	1.32
501-1,000	919	12.54	796734	0.98
1,001-5,000	750	10.23	1766062	2.17
5,001-10,000	100	1.36	776751	0.96
10,001-50,000	100	1.36	2202931	2.71
50,001-1,00,000	30	0.41	2265074	2.78
1,00,001 and Above	46	0.63	72443330	89.08
<b>TOTAL</b>	<b>7331</b>	<b>100</b>	<b>81322324</b>	<b>100</b>

# Report on Corporate Governance

Categories of shareholding as on 31st March, 2013

Category (as Gallant Metal reports to stock exchanges)	Shares Holdings	% of Total
<b>PROMOTERS' HOLDING :</b>		
Promoters	4,14,78,249	51.00
<b>Total Promoters' Holding</b>	<b>4,14,78,249</b>	<b>51.00</b>
<b>PUBLIC SHAREHOLDING :</b>		
<b>Institutional Investors</b>		
Financial Institution Investor	50,00,000	6.15
<b>Others</b>		
Bodies Corporate	2,40,16,361	29.53
Individuals	86,46,775	10.64
NRI/OCBs	6,51,826	0.80
Trust	5,000	0.01
Clearing Memb/Clearing Cor (Demat shares in transit)	15,24,113	1.87
<b>Total Public Shareholding</b>	<b>3,98,44,075</b>	<b>49.00</b>
<b>GRAND TOTAL</b>	<b>8,13,22,324</b>	<b>100</b>

## Green Initiative

The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17/11 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011, has allowed companies to send Annual Report comprising of Balance Sheet, Statement of Profit & Loss, Directors' Report, Auditors' Report etc. through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.

Members who hold shares in physical form and desire to receive documents in electronic mode are requested to provide their details (name, folio no. E-mail id) on the Company's e-mail address viz. rajesh@gallantt.com. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

## Covering letter of annual audit report to be filed with stock exchanges

In terms of Clause 31(a) of the Listing Agreement, the covering letter of the annual audit report to be filed with the stock exchanges (Form A) duly signed by the Managing Director, Manager Accounts & Finance, Auditors of the company and Chairman of the Audit Committee would be filed with the stock exchanges along with the copies of the Annual Reports.

## Corporate Identity Number (CIN): L27109WB2005PLC101553

### Investor's Correspondence

For investor matters

Rajesh Upadhyaya

Company Secretary and Compliance Officer

Secretarial Department

Gallant Metal Limited

1, Crooked Lane, Second Floor, Room Nos. 222 & 223,

Kolkata - 700 069 (W.B.)

Tel :- +91-33-40642189, 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.

# Report on Corporate Governance

## AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by Gallant Metal Limited for the year ended 31st March, 2013, 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, 2013 as per the records maintained by the Registrar and Transfer Agent of the Company and presented to the Investors Grievance Committee.

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

For A. K. Meharia & Associates  
Chartered Accountants  
**A. K. Meharia**  
*Partner*  
Membership No. 53918

Place : Kolkata  
Date : August 12, 2013

## CEO/CFO CERTIFICATION

The Board of Director  
**Gallant Metal Limited**  
1, Crooked Lane, Second Floor,  
Room Nos. 222 & 223, Kolkata - 700 069.

### Re : Financial Statements for the Financial year 2012-13 - Certificate by MD and Manager Accounts & Finance

We, Chandra Prakash Agarwal, Managing Director and Mr. Rajesh Upadhyaya, Manager Accounts & Finance and Company Secretary, of Gallant Metal Limited on the review of financial statements and cash flow statement for the year ended 31st March, 2013 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, 2013 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 12, 2013

**Rajesh Upadhyaya**  
Manager Accounts & Finance  
and Company Secretary

**Chandra Prakash Agarwal**  
Managing Director

# Management Discussion and Analysis Report

(forming part of the Report of the Directors for the year ended 31st March, 2013)

Statements made in this report describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials cost & availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations. Actual results could differ materially from those expressed or implied.

## BUSINESS ENVIRONMENT

The global economy witnessed a major economic slowdown during fiscal 2013. Economic environment remained challenging with growth slowing down globally.

India was impacted by both global and domestic events that led to moderation in economic activity. India's gross domestic product (GDP) grew by 5.0% during the first nine months of fiscal 2013 as compared to 6.6% during the corresponding period of fiscal 2012. There is a moderation in GDP growth, inflation remains a deterrent to economic growth, the capital markets are depressed, our currency is at historic lows and the fiscal and current account deficit chasm remains a matter of concern. Depreciating Indian Rupee adversely affected its external trade resulting in skewed trade and fiscal deficits and subdued economic growth estimated at 5%. Country's under performance was partly due to the muted and uneven Global economic recovery in 2012 with World GDP slowing down to 3.2%. Outlook for Global economy is expected to progressively improve with more accommodative monetary policies, improving fiscal stability and assuming absence of any adverse events resulting in a gradual restoration of confidence during 2013 through 2014. In accordance, IMF has projected World GDP to grow at 3.3% during 2013 and increasing to 4% in 2014.

## INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Steel sector witnessed a destocking during C.Y. 2012 influenced by growing economic uncertainties coupled with a soft lending for Chinese economy - resulting in a marginal growth of 1.2% each for Global steel production as well as demand. During FY'13, Indian crude steel production increased by 5.4% to 78 million tonnes while domestic demand saw a growth of 3.3% to 73 million tonnes. The demand was majorly affected by underperforming investment growing @ 1.7%, depressed industrial growth at 1%, decelerating auto production growing at 2% and Rupee witnessing a sharp depreciation of 14% putting further pressure on margins.

The domestic steel industry faced significant impediments in the form of weak demand growth of 3.3%, the lowest since 2009. The elasticity of steel demand to GDP growth in FY 2012-13 stood at 0.65, compared to a 10-year average of 1.16, indicating a less steel intensive phase of growth. Per capita steel demand in India increased marginally from 59 kg in FY 2011-12 to 60 kg in FY 2012-13. F Y 2012-13 witnessed imports growing by 1 MnT or 14% to 8.6 MnT, displacing 45% domestic supplies.

## OPPORTUNITY AND THREATS

Although, China is the dominant market in the steel sector, India is increasing its presence in the global steel market as a result of domestic steel consumption. The rising middle class population coupled with increased urbanization will grow steel intensity in the economy. India has seen a rapid rise in production over the past few years, which has resulted in India becoming the fourth largest producer of crude steel and the largest producer of sponge iron in the world.

There are many opportunities that are helping grow the Indian steel market. These opportunities include - Rural demand picking up; Investment planned in road sector, Indian Railway expansion; Automobile and power sectors etc. Direct demand for infrastructure and construction is pegged at approximately 40 MnT with per capita steel demand projected to increase from 60 kg in FY 2012-13 to 88 kg by FY 2016-17. The Indian Steel Industry is expected to achieve a growth of 5.9% during FY 2013-14 as per the projection given by World Steel Association.

However, there are some challenges and threats that the industries must overcome viz., Shortage of Coal, availability and pricing of domestic iron ore, insufficient infrastructure and logistics, overburdened port facilities, adoption of modern technologies, land acquisition and environment regulations etc.

Growing imports from Japan and Korea with concessional duty under Free Trade Agreements (FTAs) is a major threat to the sustainability of the Indian steel industry.

## RISK & CONCERN

The domestic steel industry could face the risk of overcapacity in the medium-to-long-term as Indian steelmaking capacity is slated to cross 100mt in 2013, which could pressure steel prices. However, given the expected shortage of iron ore in 2013 due to iron ore mining mess, most steelmakers who depend on external mines for their iron-ore requirement may not run on full capacity thus limiting the overcapacity concern.

Most Indian steel producers' liquidity will remain stretched through 2013 given the increase in input cost resulting in enlarged

# Management Discussion and Analysis Report

working capital requirements. Domestic iron ore prices remain high; however, softening of coking coal prices may give some respite.

Further, for a product which is completely dependent on finite, high-quality, natural resources namely coal and iron ore, business sustainability is critically linked to the consistent sourcing of adequate volumes of these finite resources in a cost-effective manner. Regulatory intervention in the mining industry (particularly in iron ore mining) has thrown up new challenges of securing iron ore supply to steel makers who do not have captive iron ore mines.

As a measure of risk management, Company identifies and rates risks and opportunities (high, medium and low) based on impact, probability of occurrence and velocity. Responses are discussed at respective locations; relevant risks are discussed at meeting for cohesive view.

Risk management aims to ensure timely and prudent decisions to maximise positive impacts of opportunities, minimise negative impacts of risks and convert risks into opportunities.

## **FUTURE OUTLOOK**

We believe that the strong underlying fundamentals of the Indian economy with a young population will support strong growth over the medium to long term, and our strategy revolves around prudently managing short term challenges while being prepared to meet the needs of a vibrant economy. Despite a challenging macroeconomic environment we made significant progress with sustained improvements sales and turnover.

In 2012-13, particularly, our efforts at focusing on optimising cost of production yielded positive results. Faced as we were, with raw material shortages and poor quality supplies accentuated by the prevailing uncertainty in the regulatory environment, we succeeded in reigning in costs through various measures of cost-efficiency in our production processes. Constant monitoring of processes resulted in enhanced yields. Various other methods such as recycling materials to achieve optimum utilisation, procurement of raw material at appropriate prices and various technological enhancements, further enhanced competitiveness.

Further, accelerated approach to reformatory policy initiatives with reducing subsidies, expanding FDI limits in Multiple-brand retail, Insurance, Banking etc., proactive role of Cabinet Committee for Investment for timely clearances of projects coupled with improving industrial production and growing focus on Infrastructure development is expected to witness a more sustainable economic development and growth with a moderate inflation and declining deficits. At the back of a modest economic recovery Indian Steel industry remains optimistically cautious with demand expected to complement the country's economic performance in fiscal 2014.

Indian steel demand is expected to boost by Infrastructure & Construction development, sustained by industrial, manufacturing and capital goods and be stimulated by the automotive and consumer durable sectors. The USD 1 trillion investment in infrastructure and construction planned during the 12th Five Year will drive demand. Direct demand for infrastructure and construction is pegged at approximately 40 MnT with per capita steel demand projected to increase from 60 kg in FY 2012-13 to 88 kg by FY 2016-17. The Indian Steel Industry is expected to achieve a growth of 5.9% during FY 2013-14 as per the projection given by World Steel Association.

## **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has developed adequate internal control systems commensurate to its size and business. The Company maintains periodical internal checks and conduct adequate internal audit, which provide safeguards and proper monitoring and vetting of transactions. The reports of Internal Auditors are submitted to the Management and the Board's Audit Committee, which review the adequacy of internal control system.

The Audit Committee of the Board of Directors regularly reviews audit plans, significant audit findings, adequacy of internal control system, compliance with Accounting Standards among others.

## **HUMAN ASSETS**

Our employees are our core resource and the Bank has continuously evolved policies to strengthen its employee value proposition. At Gallant, human capital drives our organization forward. Accordingly, a strong focus on training helps enhance employee skill and capability in a dynamic business environment. Besides conducting internal workshops, Company identifies and groom high potential employees, while also focusing on the high performers. Policies pertaining to human resources are in consonance with the Company's aim to ensure high employee engagement and low attrition rates. Industrial relations were cordial across all the locations during the year under review.

## **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.

On behalf of the Board

Place : Kolkata

Date : August 12, 2013

**C. P. Agarwal**

*Chairman*

# Independent Auditors' Report to the Shareholders

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of GALLANT METAL LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the statement of Profit and Loss, of the profit/ loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our 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 those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

## Annexure to the Auditors' Report

- (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- (e) on the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For A. K. MEHARIA & ASSOCIATES  
*Chartered Accountants*  
 Registration No. 32466E  
 A. K. Meharia  
*Partner*  
 Membership No. 53918

Dated : 24th May, 2013

### ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

(Referred to in paragraph 1 of our report of even date)

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the Management. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.
- ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of its inventories. No material discrepancies were noticed on physical verification.
- iii) a) The company has granted loans, secured or unsecured to Companies, firms or other parties, covered in the register maintained under section 301 of the Act. The number of such party is two and the maximum amount outstanding during the year was Rs. 2503.25 Lacs and the year end balance was Rs. Nil.
- b) In our opinion, the rate of interest and other terms and conditions on which such loans has been granted to the company listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie* prejudicial to the interest of the company.
- c) As per information made available to us, the aforesaid loans including interest wherever stipulated, given by the company were repayable on demand
- d) In respect of the aforesaid loan including interest, there is no overdue amount at the year end.

## Annexure to the Auditors' Report

- e) The Company has not taken any loan, secured or unsecured from the company, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, provisions of clause (iii) (e) to (g) of the said order are not applicable.
- 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, there have been no contracts or arrangements during the year that need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clauses (v) (a) and (b) of the order are not applicable.
- 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) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company, pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and cost records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- ix)
  - a) In our opinion and according to the information and explanations given to us, Company is generally been regular in depositing with appropriate authorities undisputed statutory dues, as required under this clause and applicable to the Company during the year though there has been delayed in payment of Rs.4.89 Lacs of deferred sales tax loan amount.
  - 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, 2013.
  - 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 except for the amount mentioned below :

Name of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Period	Forum where dispute is pending
Sales Tax Act	Sales Tax	38.04	2006-07	Joint Commissioner (Appeal)
Income Tax Act	Income Tax	139.20	2009-10	CIT (Appeal)

- x) The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) Based on our audit procedure and on the basis of information and explanations given by the management, the Company has not defaulted in repayment of dues to financial institutions or banks.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund or nidhi/mutual benefit fund/society, therefore clause 4(xiii) of the order is not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures, other investments and contracts.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.

- xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans were applied for the purpose for which these were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, no funds raised on short term basis have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) The Company has not issued any debentures during the year.
- xx) During the year the Company has not raised any money by way of public issue. Hence clause (xx) of Para 4 of the order is not applicable.
- xxi) In our opinion and according to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **A. K. MEHARIA & ASSOCIATES**  
*Chartered Accountants*  
Registration No. 32466E  
**A. K. Meharia**  
*Partner*  
Membership No. 53918

Dated : 24th May, 2013

# Balance Sheet as at 31st March, 2013

(₹ in lacs)

	Notes	As at 31st March, 2013	As at 31st March, 2012
<b>A. EQUITY AND LIABILITY</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	8132.23	8132.23
Reserve & Surplus	2	15117.76	11942.71
<b>SUB - TOTAL</b>		<b>23249.99</b>	20074.94
<b>NON-CURRENT LIABILITIES</b>			
Long-term Borrowings	3	2167.67	3790.56
Deferred Tax Liability (Net)	4	1968.03	1878.19
<b>SUB - TOTAL</b>		<b>4135.70</b>	5668.75
<b>CURRENT LIABILITIES</b>			
Short-term Borrowings	5	2655.08	5723.44
Trade Payables	6	7405.89	3260.42
Other Current Liabilities	7	2163.86	2984.29
Short-term Provisions	8	1691.99	1520.76
<b>SUB - TOTAL</b>		<b>13916.82</b>	13488.91
<b>TOTAL</b>		<b>41302.51</b>	39232.60
<b>B. ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Tangible Assets	9	19285.12	20441.83
Capital Work in Progress		901.28	63.57
Non-current Investment	10	4260.37	4260.37
Long-term Loans and Advances	11	39.54	39.35
<b>SUB - TOTAL</b>		<b>24486.31</b>	24805.12
<b>CURRENT ASSETS</b>			
Inventories	12	7908.47	6188.92
Trade Receivables	13	2994.49	3349.35
Cash & Bank Balances	14	1743.63	1101.97
Short-term Loan and Advances	15	1942.14	2164.81
Other Current Assets	16	2227.47	1622.43
<b>SUB - TOTAL</b>		<b>16816.20</b>	14427.48
<b>TOTAL</b>		<b>41302.51</b>	39232.60
The notes form an integral part of these financial statements	1 to 38		
Significant Accounting Policies			

As per our Report of even date

For A. K. MEHARIA &amp; ASSOCIATES

*Chartered Accountants*

Firm Reg No. : 324666E

**A. K. Meharia***Partner*

Membership No.:053918

Place : Kolkata

Dated : The 24th Day of May, 2013

**Chandra Prakash Agarwal****Dinesh R Agarwal****Nitin M Kandoi****Rajesh Upadhyaya***Chairman & Managing Director**Wholetime Director**Director**Company Secretary*

# Statement of Profit and Loss

for the year ended 31st March, 2013

(₹ in lacs)

	Notes	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>A. INCOME</b>			
Revenue from operations (gross)	17	74275.98	64319.95
Less : Excise Duty		8002.47	5787.59
<b>Revenue from operations (net)</b>		<b>66273.51</b>	58532.36
Other Income	18	467.29	284.99
<b>Total Revenue</b>		<b>66740.80</b>	58817.35
<b>B. EXPENSES</b>			
Cost of Raw Material and Component Consumed	19	55553.17	49393.85
Changes in Inventory of Finished Goods and Work in Progress	20	(990.70)	(542.82)
Employee Benefit Expenses	21	731.45	673.92
Finance Cost	22	1033.38	1594.69
Depreciation and Amortisation		1591.96	1553.54
Other Expenses	23	5496.79	4607.82
<b>Total Expenses</b>		<b>63416.05</b>	57281.00
Profit/(Loss) before Tax		3324.75	1536.35
<b>Tax Expenses</b>			
Current Tax		663.97	301.88
Less : MAT Credit		(605.34)	(301.88)
Wealth Tax		1.23	0.87
Deferred Tax		89.84	81.15
<b>Total Tax Expenses</b>		<b>149.70</b>	82.02
<b>Profit/(Loss) for the period</b>		<b>3175.05</b>	1454.33
<b>Earning per Equity Share</b>			
Basic and Diluted (₹)		3.90	1.79
The notes form an integral part of these financial statements	1 to 38		
Significant Accounting Policies			

As per our Report of even date

For A. K. MEHARIA &amp; ASSOCIATES

*Chartered Accountants*

Firm Reg No. : 324666E

**A. K. Meharia***Partner*

Membership No.:053918

Place : Kolkata

Dated : The 24th Day of May, 2013

**Chandra Prakash Agarwal****Dinesh R Agarwal****Nitin M Kandoi****Rajesh Upadhyaya***Chairman & Managing Director**Wholetime Director**Director**Company Secretary*

# Cash Flow Statement

for the year ended 31st March, 2013

(₹ in lacs)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax as per Statement of Profit & Loss	3324.75	1536.35
<b>Adjusted for :</b>		
Depreciation and Amortisation Expenses	1591.96	1553.54
Loss on Sale/Discarded of Fixed Assets (net)	11.44	24.62
Dividend Income	(27.51)	(27.51)
Finance Cost	1,033.38	1594.69
Interest Income	(274.49) 2334.78	(215.86) 2929.48
<b>Operating Profit before Working Capital Changes</b>	<b>5659.53</b>	4465.83
<b>Adjusted for :</b>		
Trade and Other Receivables	567.90	(1189.16)
Inventories	(1719.56)	(1388.73)
Trade and Other Payables	4642.11	917.84
	3490.45	(1660.05)
<b>Cash Generated from Operating Activities</b>	<b>9149.98</b>	2805.78
Direct Tax Refund/Paid (Net)	(713.09)	(304.69)
<b>Net Cash from Operating Activities</b>	<b>8436.89</b>	2501.09
<b>INVESTING ACTIVITIES</b>		
Interest Income	234.85	191.48
Investment in Shares	—	(1350.00)
Purchase of Fixed Assets	(1287.13)	(514.73)
Sale of Fixed Assets	3.00	7.95
Dividend Income	27.51	27.51
Movement in Loans and Advances	155.60	1436.22
<b>Net Cash used in Investing Activities</b>	<b>(866.17)</b>	(201.57)
<b>FINANCING ACTIVITIES</b>		
Repayment of Long Term Borrowings	(2784.32)	(2830.85)
Short Term Borrowings (net)	(3068.37)	2580.46
Interest Paid	(1076.37)	(1610.63)
<b>Net Cash used in Financing Activities</b>	<b>(6929.06)</b>	(1861.02)
<b>Net Increase / (Decrease) in Cash and Cash Equivalent</b>	<b>641.66</b>	438.50
Opening balance of Cash and Cash Equivalent	1101.97	663.47
<b>Closing balance of Cash and Cash Equivalent</b>	<b>1743.63</b>	1101.97

As per our Report of even date

For A. K. MEHARIA &amp; ASSOCIATES

Chartered Accountants

Firm Reg No. : 324666E

A. K. Meharia

Partner

Membership No.:053918

Place : Kolkata

Dated : The 24th Day of May, 2013

Chandra Prakash Agarwal

Dinesh R Agarwal

Nitin M Kandoi

Rajesh Upadhyaya

Chairman &amp; Managing Director

Wholetime Director

Director

Company Secretary

# Notes on Financial Statement

(₹ in Lacs)

		As at 31.03.13	As at 31.03.12
<b>1   SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
8,30,00,000 (Previous Year : 8,30,00,000) Equity Shares of ₹ 10/- each		8300.00	8300.00
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>			
8,13,22,324 (Previous Year : 8,13,22,324) Equity Shares of ₹ 10/- each		8132.23	8132.23
		<b>8132.23</b>	8132.23

(a) **Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders except in the case of interim dividend. In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amount in proportion of their shareholding.

(b) **Details of shareholders holding more than 5% shares in the company**

<b>Name of the shareholder</b>	<b>As at 31 March, 2013</b>		<b>As at 31 March, 2012</b>	
	<b>No. of shares</b>	<b>% holding</b>	<b>No. of shares</b>	<b>% holding</b>
Gallant Udyog Limited	24113127	29.65	24113127	29.65
Hipoline Commerce Pvt. Ltd.	11710000	14.40	11710000	14.40
Lexi Export Pvt. Limited	11920000	14.66	11503600	14.15
Elara India Opportunities Fund Ltd.	5000000	6.15	5000000	6.15
AAR Commercial Company Limited	4251563	5.23	—	—

	As at 31.03.13	As at 31.03.12
<b>2   RESERVE &amp; SURPLUS</b>		
(a) <b>Securities Premium Account</b>		
Balance as per the last financial statements	1050.00	1050.00
(b) <b>Profit &amp; Loss Account</b>		
Balance as per last financial statement	10892.71	9438.38
Profit for the year	3175.05	1454.33
Closing Balance	14067.76	10892.71
<b>Total</b>	<b>15117.76</b>	11942.71

## Notes on Financial Statement (Contd.)

(₹ in Lacs)

		As at 31.03.13		As at 31.03.12	
		Non-current	Current	Non-current	Current
<b>3   LONG-TERM BORROWINGS</b>					
<b>Secured</b>					
Term Loans - from bank		2153.00	1008.00	3771.00	2174.32
<b>Unsecured</b>					
Deferred sales tax loan		14.67	14.67	19.56	9.79
<b>Total</b>		<b>2167.67</b>	<b>1022.67</b>	3790.56	2184.11

- (i) Term loan includes corporate loan ₹ Nil (P.Y ₹ 13.10 Crores).
- (ii) Current portion of the loan have been grouped under "Current maturity of long term debt" (refer note - 7).
- (iii) Terms of repayment for secured borrowings
  - (a) Term loan amounting to ₹ NIL (P.Y. ₹ 572.50 Lacs is repayable in 20 quarterly installments commencing from July 2007. Last installment was due in April 2012. Rate of interest 13.25% P.A as at the year end (P.Y. 13.25% P.A).
  - (b) Term loan amounting to Rs. Nil (P.Y. ₹ 282.50 Lacs is repayable in 20 quarterly installments commencing from January 2008. Last installment due was in October 2012. Rate of interest 13.25% P.A as at the year end (P.Y. 11.75% P.A).
  - (c) Term loan amounting to ₹ 3161.00 Lacs (P.Y. ₹ 3780.00 Lacs is repayable in 14 quarterly installments commencing from June 2012. Last installment is due in September 2015. Rate of interest 12.95% P.A as at the year end (P.Y. 13.25% P.A).
  - (d) Corporate loan amounting to ₹ Nil (P.Y. ₹ 1310.00 Lacs is repayable in 8 quarterly installments commencing from June 2012. Last installment was paid in March 2013. Rate of interest 12.95% P.A as at the year end (P.Y. 13.25% P.A).
- (iv) Nature of Security for secured borrowing
  - (a) All the above term loans are secured by first pari pasu charge on all the fixed assets (present and future) and second paripasu charge on current assets of the plant situated in Kutch, Gujarat.
  - (b) All the above term loans are secured by equitable mortgage of house property of Sri S.K.Agarwal, relative of director and collateral security by pledge of equity share of the company held by promoters.
  - (c) Further the above term loans has been guaranteed by the corporated guarantee of M/s. Gallant Udyog Ltd. to the extent of shares pledged aggregating ₹ 146.50 Lacs equity shares of ₹ 10/- each and M/s. Hipoline Commerce Pvt. Ltd.
  - (d) Further the above Term Loans have been guaranteed by the personal guarantee of Sri C.P. Agarwal, Sri Dinesh R Agarwal and Sri Nitin Kandoi director of the company and Mr. S.K.Agarwal relative of the director.
- (v) Deferred sales tax loan is interest free and payable in 6 equal yearly installment of ₹ 4.89 Lacs payable from 2011-12.

## Notes on Financial Statement (Contd.)

(₹ in Lacs)

	As at 31.03.13	As at 31.03.12
<b>4   DEFERRED TAX LIABILITY (NET)</b>		
<b>Deferred tax liability</b>		
Related to fixed assets	1986.10	1893.59
<b>Deferred tax assets</b>		
Disallowance under the Income Tax Act	18.06	15.40
<b>Total</b>	<b>1968.04</b>	1878.19

	As at 31.03.13	As at 31.03.12
<b>5   SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
Working Capital Loan from bank	1552.59	3906.23
	1552.59	3906.23
<b>Unsecured</b>		
Foreign Currency Loans - Buyers Credit	1102.49	1817.21
	1102.49	1817.21
<b>Total</b>	<b>2655.08</b>	5723.44

- (i) Working Capital Loan includes Working Capital Term Loan of ₹ Nil (P.Y. ₹ 2018.68 Lacs) bearing interest @ 11.70% P.A (P.Y. 11%) and repaid in August 2012.
- (ii) Working Capital Loan from bank is secured by first charge on all the current assets and second charge on fixed assets of the plant situated in Kutch, Gujarat bearing interest @ 10.20% P.A (P.Y. 13.75%) at the end of the year.

	As at 31.03.13	As at 31.03.12
<b>6   TRADE PAYABLES</b>		
Trade Payables (including acceptance)	7405.89	3260.41
<b>Total</b>	<b>7405.89</b>	3260.41

	As at 31.03.13	As at 31.03.12
<b>7   OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (note - 3)	1022.67	2184.11
Interest accrued and due on borrowings	31.99	74.98
Statutory Dues	217.83	186.96
Other Payable	891.37	538.25
<b>Total</b>	<b>2163.86</b>	2984.30

## Notes on Financial Statement (Contd.)

(₹ in Lacs)

		As at 31.03.13	As at 31.03.12
<b>8   SHORT-TERM PROVISIONS</b>			
Provision for gratuity (Refer Note - 29)		5.59	3.47
For Taxation		1381.30	1322.68
Other Provision		305.10	194.62
<b>Total</b>		<b>1691.99</b>	<b>1520.77</b>

<b>9   TANGIBLE ASSETS</b>											
Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Original cost as on 01.04.12	Additions during the year	Sales/ Adjust- ment	Total As on 31.03.13	Upto 01.04.12	Deprecia- tion for the year	Sales/ Adjust- ment	Total upto 31.03.13	As at 31.03.13	As at 31.03.12
1	Land	588.37	—	—	588.37	—	—	—	—	588.37	588.37
2	Building	4028.12	176.81	—	4204.92	645.92	125.83	—	771.74	3433.18	3382.20
3	Plant & machinery	20755.60	0.84	—	20756.44	6103.49	1257.43	—	7360.91	13395.52	14652.11
4	Misc. Fixed assets	1808.82	139.89	—	1948.71	423.21	86.89	—	510.10	1438.60	1385.61
5	Computer	45.54	0.65	—	46.19	28.89	7.43	—	36.32	9.87	16.65
6	Furniture & Fixture	65.93	2.02	—	67.95	19.41	4.25	—	23.66	44.29	46.52
7	Office Equipment	46.35	13.16	12.31	47.20	9.84	1.73	2.63	8.94	38.26	36.51
8	Vehicles	327.71	39.41	6.88	360.24	119.30	34.63	2.12	151.81	208.43	208.41
9	C.I.Mould	155.16	17.61	—	172.77	66.42	18.61	—	85.03	87.74	88.74
10	Rolls	199.44	60.15	—	259.59	162.74	56.00	—	218.74	40.58	36.70
	<b>Total</b>	<b>28021.04</b>	<b>450.54</b>	<b>19.19</b>	<b>28452.39</b>	<b>7579.21</b>	<b>1592.81</b>	<b>4.75</b>	<b>9167.27</b>	<b>19285.12</b>	<b>20441.83</b>
	<b>Previous Year</b>	<b>27571.83</b>	<b>513.26</b>	<b>64.05</b>	<b>28021.04</b>	<b>6054.31</b>	<b>1554.38</b>	<b>29.47</b>	<b>7579.21</b>	<b>20441.83</b>	<b>21517.53</b>

Note : (i) Depreciation amounted to ₹ 1.14 Lacs has been transferred to preoperative expenses.

		As at 31.03.13	As at 31.03.12
<b>10   NON-CURRENT INVESTMENTS</b>			
<b>Investment in associates (Unquoted, trade)</b> [21,00,000 (P.Y. 21,00,000) equity shares of ₹ 10 each fully paid up in Gallant Udyog Limited]		3150.00	3150.00
<b>Investment in associates (Quoted, trade)</b> 55,01,992 (P.Y. 55,01,992) equity shares of ₹ 10/- each fully paid up in Gallant Ispat Limited		1110.20	1110.20
<b>Investment in Government Securities (Unquoted, trade)</b> National Saving Certificate (deposit with Government Department as security)		0.17	0.17
<b>Total</b>		<b>4260.37</b>	4260.37
Market value of quoted investments		4098.98	2338.35

## Notes on Financial Statement (Contd.)

(₹ in Lacs)

	As at 31.03.13	As at 31.03.12
<b>11   LONG-TERM LOANS AND ADVANCES</b>		
Security deposit		
Unsecured, considered good	39.54	39.35
<b>Total</b>	<b>39.54</b>	39.35

	As at 31.03.13	As at 31.03.12
<b>12   INVENTORIES</b>		
Raw Materials (includes in transit ₹ 1844.35 lacs (P.Y. ₹ 648.36)	4167.77	3518.78
Work-in-progress	24.03	26.48
Finished goods	2743.48	1750.34
Stores & Spares	973.19	893.32
<b>Total</b>	<b>7908.47</b>	6188.92

	As at 31.03.13	As at 31.03.12
<b>13   TRADE RECEIVABLES</b>		
(Unsecured considered good)		
Outstanding for a period within six months from the date they are due for payment	2994.49	3349.35
<b>Total</b>	<b>2994.49</b>	3349.35

	As at 31.03.13	As at 31.03.12
<b>14   CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
<b>(a) Balances with banks</b>		
On Current accounts	2.23	12.31
On fixed deposits accounts *	223.35	251.00
Cash in hand	21.38	17.16
	<b>246.96</b>	280.47
<b>(b) Other bank balances</b>		
Fixed deposit with bank to the extent held as margin money	1496.67	821.50
	<b>1496.67</b>	821.50
<b>Total</b>	<b>1743.63</b>	1101.97

\* Fixed deposit with banks include deposit of ₹ 165.00 Lacs (P.Y. ₹ 165.00 Lacs) with maturity of more than 12 months.

## Notes on Financial Statement (Contd.)

(₹ in Lacs)

	As at 31.03.13	As at 31.03.12
<b>15   SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Loan and Advances to Related Parties	—	155.60
Advance Income Tax (net of provision for taxation)	130.36	23.85
Balance with Government Authorities	1542.48	1704.98
Other Advances *	269.30	280.38
<b>Total</b>	<b>1942.14</b>	<b>2164.81</b>

\* Includes interest received on Fixed Deposits with Banks.

	As at 31.03.13	As at 31.03.12
<b>16   OTHER CURRENT ASSETS</b>		
MAT Credit Entitlement	2227.47	1622.13
Preliminary Expenses	—	0.30
<b>Total</b>	<b>2227.47</b>	<b>1622.43</b>

	2012-13	2011-12
<b>17   REVENUE FROM OPERATIONS</b>		
<b>Sale of products</b>		
Finished Goods	74090.27	64176.53
Other	185.71	143.42
<b>Revenue from operations (gross)</b>	<b>74275.98</b>	<b>64319.95</b>
Less : Excise Duty	8002.47	5787.59
<b>Revenue from operations (net)</b>	<b>66273.51</b>	<b>58532.36</b>

	2012-13	2011-12
<b>18   OTHER INCOME</b>		
Interest income on		
- Fixed Deposit	117.58	81.97
- Others *	156.90	133.89
Dividend on Current investment	27.51	27.51
Other Income **	165.30	41.62
<b>Total</b>	<b>467.29</b>	<b>284.99</b>

\* Interest from others includes ₹ 15.32 Lacs (P.Y. ₹ 16.82 Lacs) late payment charges.

\*\* Other income includes provision no longer required ₹ 0.09 Lacs (P.Y. ₹ 36.44 Lacs) and receipts from insurance ₹ 164.57 Lacs (P.Y. ₹ Nil).

## Notes on Financial Statement (Contd.)

(₹ in Lacs)

	2012-13	2011-12
<b>19   COST OF MATERIAL CONSUMED</b>		
Inventory at the beginning of the Year	3518.78	2890.63
Add : Purchases	56202.15	50022.00
	<b>59720.93</b>	<b>52912.63</b>
Less : Inventory at the end of the Year	4167.76	3518.78
Cost of Raw Material Consumed	<b>55553.17</b>	49393.85
<b>Imported and indigenous Raw Material consumed</b>	<b>2012-13</b> ₹ in lacs % of total	<b>2011-12</b> ₹ in lacs % of total
Imported	29797.51 53.64	11525.62 23.33
Indigenous	25755.68 46.36	37868.23 76.67
<b>20   CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS</b>	<b>2012-13</b>	<b>2011-12</b>
<b>Inventory at the end of the year</b>		
Finished	2743.48	1750.34
Semi - Finished	24.03	26.48
	<b>2767.51</b>	<b>1776.82</b>
<b>Inventory at the beginning of the year</b>		
Finished	1750.34	1210.18
Semi - Finished	26.47	23.82
	<b>1776.81</b>	<b>1234.00</b>
<b>Changes in inventories</b>	<b>(990.70)</b>	<b>(542.82)</b>
<b>21   EMPLOYEE BENEFIT EXPENSES</b>	<b>2012-13</b>	<b>2011-12</b>
Salary, Wages and Bonus	686.41	644.45
Contribution to Provident and Other Fund	11.52	7.61
Staff Welfare Expenses	33.52	21.86
<b>Total</b>	<b>731.45</b>	<b>673.92</b>

## Notes on Financial Statement (Contd.)

(₹ in Lacs)

	2012-13	2011-12
<b>22   FINANCE COST</b>		
Interest Expenses	868.60	1495.40
Other Borrowing Cost	164.78	99.29
<b>Total</b>	<b>1033.38</b>	1594.69

	2012-13	2011-12
<b>23   OTHER EXPENSES</b>		
<b>(a) Manufacturing expenses</b>		
Consumption of stores and spares	1132.12	668.23
(Increase) / Decrease of excise duty on inventory	109.25	79.54
Power & Fuel	1220.62	1081.51
Repairs to Plant & Machinery	209.76	201.10
Repairs to Building	12.07	13.17
Repairs to Others	14.71	9.69
Other Manufacturing Expenses	1060.67	1024.33
	<b>3759.20</b>	3077.57
<b>(b) Other establishment expenses</b>		
Rent	4.51	2.97
Insurance	79.80	71.48
Rates & Taxes	10.84	11.57
Miscellaneous Expenses	158.36	151.13
Loss on Sale/Discard of Fixed Assets	11.44	24.62
Commission & Brokerage	57.02	32.76
Exchange Differences (net)	55.26	130.80
Carriage & Freight	1290.31	1011.35
Selling Expenses	70.05	93.57
	<b>1737.59</b>	1530.25
<b>Total</b>	<b>5496.79</b>	4607.82

\* Prior period expenses includes ₹ 2.50 Lacs (P.Y. ₹ 14.36 Lacs) in respective head of accounts.

\*\* (Increase)/Decrease of excise duty on inventory shown under expenditure represents differential excise duty on opening and closing stock of finished goods.

	2011-12	2010-11
<b>Payment to Auditor</b>		
Audit Fee	2.65	2.50
Tax Audit Fee	0.40	0.30
Other Services (certifictaion fee)	0.25	0.20
Reimbursement of Expenses	0.40	0.40
	<b>3.70</b>	3.40

## Notes on Financial Statement (Contd.)

(₹ in Lacs)

	2012-13	2011-12
<b>24   VALUE OF IMPORTS ON CIF BASIS</b>		
Raw Materials (including in-transit)	23068.46	5283.11
Stores and Spares	0.67	2.76
Capital Goods	15.15	21.40

	2012-13	2011-12
<b>25   INCOME AND EXPENDITURE IN FOREIGN CURRENCY</b>		
(a) Income	-	-
(b) Expenditure		
Interest	14.77	7.57
Others	65.15	1.29

	2012-13	2011-12
<b>26   EARNING PER SHARES</b>		
(i) Net profit after tax as per Statement of Profit and Loss attributual to Equity Shareholders	317505288	145432819
(ii) Equity shares used as Denominator for calculting EPS	81322324	81322324
(iii) Basic and Diluted Earning Per share (₹)	3.90	1.79
(iv) Face Value per Equity Share (₹)	10	10

<b>27   TRADE PAYABLES</b>	
(i)	Trade Payable includes (i) ₹ Nil (P.Y. Nil) due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act 2006 (MSME) and (ii) ₹ 7405.89 Lacs (P.Y. ₹ 3260.41 Lacs) due to other parties.
(ii)	No interest is paid/payable during the year to any enterprise registered under the MSME.
(iii)	The above information has been determined to the extent such parties could be indentified on the basis of the information available with the company regarding status of suppliers under the MSME.

<b>28   RELATED PARTY DISCLOSURES</b>	
(i) Associate Company	
Gallant Ispat Ltd	
Ganesh Laxmi Processors Pvt. Ltd.	
(ii) Key Managerial Personnel	
Mr. Chandra Prakash Agarwal	
Mr. Dinesh R. Agarwal	

## Notes on Financial Statement *(Contd.)*

(₹ in Lacs)

### 28 | RELATED PARTY DISCLOSURES *(Contd.)*

#### Related Party Transaction & Balance

Nature of Transaction	Associates	Key Management Personnel	Total
Purchase of Goods	<b>1.89</b> (-)	— (-)	<b>1.89</b> (-)
Sale of Goods	<b>0.04</b> (5.02)	— (-)	<b>0.04</b> (5.02)
Shares Purchased/Allotted	— (1350.00)	— (-)	— (1350.00)
Loan Given	<b>6376.12</b> (2367.00)	— (-)	<b>6376.12</b> (2367.00)
Loan Received Back	<b>6376.12</b> (3813.82)	— (-)	<b>6376.12</b> (3813.82)
Interest Received	<b>115.30</b> (117.07)	— (-)	<b>115.30</b> (117.07)
Remuneration Paid	— (-)	<b>28.80</b> (26.40)	<b>28.80</b> (26.40)
Balance of Loan Given as on 31.03.2013	— (155.60)	— (-)	— (155.60)

## Notes on Financial Statement (Contd.)

(₹ in Lacs)

	2012-13	2011-12
<b>29   DISCLOSURES PURSUANT TO ACCOUNTING STANDARD - 15 "EMPLOYEE BENEFIT"</b>		
<b>(a) Components of Employer expenses</b>		
(i) Current Service Cost	19.20	1.70
(ii) Interest Cost	3.80	2.96
(iii) Expected Return on Assets	(3.66)	(3.26)
(iv) Actuarial (gain) / Losses	(13.75)	5.66
(v) Total Expenses	5.59	7.07
<b>(b) Net Assets (Liability) recognized in Balance Sheet</b>		
(i) Present Value of Defined Benefit Obligation	57.32	47.53
(ii) Fair Value of Plant Assets	51.73	44.06
(iii) Funded Status (Surplus / (Deficit))	(5.59)	(3.47)
(iv) Net Assets / (Liability)	(5.59)	(3.47)
<b>(c) Change in obligation during the year</b>		
(i) Present Value of Defined Benefit Obligation at the beginning of the Year	47.53	37.01
(ii) Current Service Cost	19.20	1.70
(iii) Interest Cost	3.80	2.96
(iv) Actuarial (Gain) / Losses	(13.22)	5.86
(v) Benefit Payment	—	—
(vi) Present Value of defined Benefit obligation at the end of the Year	57.32	47.53
<b>(d) Change in Assets</b>		
(i) Plan Assets at the beginning of the year	44.06	40.61
(ii) Expected return on plant Assets	3.66	3.26
(iii) Actuarial Gain / (Loss)	0.53	0.19
(iv) Employer Contribution during the year	3.47	—
(v) Plan Assets at the end of the year	51.73	44.06
<b>(e) Actuarial Assumption</b>		
(i) Discount Rate	8.00%	8.00%
(ii) Expected Return on Assets	8.00%	8.00%
(iii) Salary Increase	7.00%	6.00%
(iv) Mortality	Indian Assurd Live Mortality (1994-96)	Indian Assurd Live Mortality (1994-96)

### 30 SEGMENT REPORTING

#### (1) Primary Segment (By Business Segment) :

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

## Notes on Financial Statement (Contd.)

(₹ in Lacs)

	2012-13	2011-12
<b>30   SEGMENT REPORTING (Contd.)</b>		
(i) Segment Revenue		
(a) Steel	66273.51	58532.36
(b) Power	9765.55	8828.47
(c) Un allocable Income	467.29	284.99
<b>Sub Total</b>	<b>76506.35</b>	67645.82
Less : Inter Segment Revenue	9765.55	8828.47
<b>Net Segment Revenue</b>	<b>66740.80</b>	58817.35
(ii) Segment Results		
(a) Steel	341.80	887.72
(b) Power	3549.05	1958.33
<b>Sub Total</b>	<b>3890.85</b>	2846.05
Less : Interest	(1033.38)	(1594.69)
Other Unallocable Expenses	467.29	284.99
<b>Profit before Tax</b>	<b>3324.76</b>	1536.35
(iii) Capital Employed (Segment Assets less Segment Liabilities)		
(a) Steel	11825.77	10993.61
(b) Power	10361.26	10289.03
(c) Un-allocable	5198.66	4461.05
<b>Total Capital Employed</b>	<b>27385.69</b>	25743.69
(iv) Capital Expenditure during the period		
(a) Steel	1351.83	513.26
(b) Power	-	-

### (2) Secondary Segment (By Geographical Segment) :

The secondary segment is based on geographical demarcation i.e. India & Rest of the World. There is no reportable segment under above category.

	2012-13	2011-12
<b>31   CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)</b>		
(i) Curtailing the assured benefit of exemption granted to New Industrial unit in Kutch, Gujarat. The Company is entitled to exemption for 100% of the duty paid in Cash after utilization of CENVAT Credit for 5 years from the date of Commercial Production. Hon'ble High Court of Gujarat has granted the verdict in favor of Company, Department preferred appeal in Supreme Court.	595.96	1040.44
(ii) Custom/Excise duty on Capital Goods imported/purchased under EPCG Scheme, against which export obligation is to be full filled.	109.31	198.50
(iii) Disputed liability in respect of sales tax (out of which ₹ 42.00 Lacs has already been paid).	80.04	80.04

## Notes on Financial Statement (Contd.)

(₹ in Lacs)

	2012-13	2011-12
<b>31   CONTINGENT LIABILITIES AND COMMITMENTS (Contd.)</b>		
(iv) Wealth tax demand from A.Y 2006-07 to 2007-08.	3.04	3.04
(v) Input VAT Credit on coal purchases taken by the company and not agreed to by the Department.	40.33	40.33
(vi) Claim against the company not acknowledged debt in respect of disputed liability of freight with railway. Case is pending in Hon'ble High Court, Gujarat.	161.45	161.45
(vii) Hon'ble High court of Gujarat has declared collection of green cess by the State Act ultra vires the constitution and the same is therefor void and ordered to refund the green cess collected. We had applied for refund.	25.56	—
(viii) Income Tax (A.Y. 2010-11) demand raised by Addl. CIT and have filed appeal before the Commissioner Income Tax, Appeal (out of demand amount deposited ₹ 30.00 Lacs)	139.20	—

	2012-13	2011-12
<b>32   DETAILS OF SALE OF PRODUCTS</b>		
M. S. Round Bar	38610.30	35880.18
Billet	27074.87	22267.22
Misroll	337.98	241.53
Sponge Iron	64.65	—
Others	185.71	143.42
<b>Total</b>	<b>66273.51</b>	<b>58532.35</b>

	2012-13	2011-12
<b>33   DETAILS OF INVENTORIES</b>		
<b>(a) Raw Materials</b>		
Iron Ore / Pellets	1078.65	1556.17
Coal	2332.30	1666.32
M.S. Scrap	596.49	179.93
Others	160.33	116.36
<b>Total</b>	<b>4167.77</b>	<b>3518.78</b>
<b>(b) Work-in-Progress</b>		
Sponge Iron	24.03	26.48
<b>(c) Finished Goods</b>		
M.S.Round Bar	1107.59	964.13
Billet	1561.86	598.09
Misroll	46.87	30.32
Sponge Iron	27.16	157.80
	<b>2743.48</b>	<b>1750.34</b>

## Notes on Financial Statement (Contd.)

(₹ in Lacs)

	2012-13	2011-12
<b>34   DETAILS OF RAW MATERIALS CONSUMED</b>		
Iron Ore / Pellets	18152.49	13302.78
Coal	11323.43	10602.72
M.S.Scrap	23348.67	17708.93
Sponge Iron	296.34	5551.27
M.S. Billet	115.60	—
Others	2316.64	2228.15
<b>Total</b>	<b>55553.17</b>	49393.85

- 35 Previous year figures have been regrouped and rearranged wherever considered necessary.
- 36 The Company has assessed its fixed assets for impairment at the end of the year and concluded that there has been no significant impaired fixed assets that needs to be recognised in the books of accounts.
- 37 Balance of some of the sundry debtors, sundry creditors, loans & advances are subject to confirmation from the respective parties.
- 38 Based on the profitability projection, the Company is certain that there would be sufficient taxable income in the future to claim the "MAT credit Entitlement".

### Annexure I

#### Statement of Significant Accounting Policies and Practices

##### (I) Basis of Preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statement to comply in all material respects with the accounting standards notified under the Companies (Accounting Standard) Rule, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statement have been prepared on an accrual basis and under the historical cost convention.

##### (II) Revenue Recognition

- (a) Sale of goods is recognized when they are invoiced to customers and are inclusive of excise duty, sales tax but exclusive of sales return and turnover discounts.
- (b) Insurance, duty drawback and other claims are accounted for on receipt basis or as acknowledged by the appropriate authorities.

##### (III) Use of estimates

The preparation of financial statements in confirmity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known / materialised.

##### (IV) Fixed Assets

- (a) Fixed Assets are stated at cost of acquisition/installation less accumulated depreciation (other than 'Freehold Land' where no depreciation is charged ). The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use.
- (b) All expenses incurred for acquiring, erecting and commissioning of the fixed assets including interest on loan utilized for meeting capital expenditure and incidental expenditures incurred during the implementation of the project are

## Notes on Financial Statement *(Contd.)*

shown under "Capital Work in Progress. The advance given for acquiring fixed assets is also shown along with the "Capital Work in Progress".

### **(V) Depreciation and Amortisation**

- (a) 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.
- (b) Preliminary expenses are amortized over a period of 5 years from the date of transaction.

### **(VI) Investments**

Investments are classified into current and Long-term investment. Current Investments are stated at lower of cost and fair market value. Long Term Investments are stated at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

### **(VII) 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

### **(VIII) 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.

### **(IX) 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.

### **(X) Valuation of Inventories**

Inventories of Raw Materials, work-in-Progress, Stores and Spares, Goods in transit, Finished Goods are stated 'at cost or net realisable value, whichever is lower'. Cost comprises all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. The excise duty in respect of closing inventory of finished goods is included as part of finished goods. Cost formula used are First-in-First-out.

### **(XI) Excise Duty & Custom Duty**

Excise duty in respect of finished goods lying in the factory premises and Custom duty on goods lying in customs bonded warehouse are provided for and included in the valuation of inventory.

### **(XII) Foreign Currency Transaction**

- (a) All transactions in foreign currency are recorded at the rate of exchange prevailing on the date when the relevant transaction take place.
- (b) Monetary items denominated in foreign currency at the year end are restated at the year end rates. Any income or expenses on account of exchange differences either on settlement or on translation is recognized in the Profit and Loss account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.
- (c) The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expenses / income over the life of the contract. Exchange differences on such contracts, except the contracts which are long -term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rate change. Any gain / loss arising on forward contracts which relate to acquisition of fixed assets is recognized to the carrying cost of such assets.

## Notes on Financial Statement (Contd.)

### (XIII) Taxation

- (a) Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961, Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and law that are enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is virtual certainty that the assets will be realised in future.
- (b) Minimum Alternate Tax (MAT) is recognised as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the company recognises MAT credit as an asset in accordance with the Guidance Note issued by the "ICAI", the said asset is created by way of credit to the Profit & Loss Account and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent company does not have convincing evidence that it will pay normal tax during the specified period.

### (XIV) Employee Benefits

- (a) 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. The company has no obligation, other than the contribution payable to the provident fund.
- (b) The company operates defined benefit plan for gratuity for its employees. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year end using projected unit credit method. Actuarial gain and losses are recognized in the period in which they occur in the statement of profit and loss.

### (XV) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when there is a present obligation as a result of past event, that probably requires an outflow of resources and a reliable estimate can be made to settle the amount of obligation. These are reviewed at each year end and adjusted to reflect the best current estimates. Contingent liabilities are not recognised but disclosed in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

### (XVI) Segment Reporting

- (a) The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.
- (b) Inter-division transfer of power generated by Power Plant unit is transferred to other unit at approximate prevailing market price at which other unit purchase power from Paschim Gujarat Vij. Company Limited (A Government of Gujarat Enterprise).

As per our Report of even date

For A. K. MEHARIA & ASSOCIATES

*Chartered Accountants*

Firm Reg No. : 324666E

**A. K. Meharia**

*Partner*

Membership No.:053918

Place : Kolkata

Dated : The 24th Day of May, 2013

**Chandra Prakash Agarwal**

*Chairman & Managing Director*

**Dinesh R Agarwal**

*Wholetime Director*

**Nitin M Kandoi**

*Director*

**Rajesh Upadhyaya**

*Company Secretary*

## Gallant Metal Limited

Registered Office :

1, Crooked Lane, 2nd Floor, Room No. 222 & 223, 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 9th Annual General Meeting of the Company to be held on **Thursday, 19th September, 2013 at 1.30 P.M.** at Rabindra Okaura Bhavan,  
DD-27/A/1, Sector - 1, DD Block, Salt Lake City, Kolkata - 700 091 and any adjournment thereof.

Signed this ..... day of ..... 2013

Folio No.....

DP ID No.....

Client ID No.....

No. of Shares.....

Affix  
Revenue  
Stamp

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

## Gallant Metal Limited

Registered Office :

1, Crooked Lane, 2nd Floor, Room No. 222 & 223, Kolkata - 700 069

### Attendance Slip

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

Shares Held .....

Folio No.....

DP ID No. ....

Client ID No. ....

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

I hereby record my presence at the 9th Annual General Meeting of the Company held at Rabindra Okaura Bhavan, DD-27/A/1, Sector - 1, DD Block, Salt Lake City, Kolkata - 700 091 on **Thursday, 19th September, 2013 at 1.30 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 METAL LIMITED**  
1, Crooked Lane, 2nd Floor, Room No. 222 & 223  
Kolkata - 700 069, West Bengal, India

## FORM A

Covering letter to the annual report to be filed with the stock exchanges

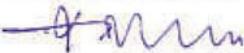
1	Name of the Company	Gallant Metal Limited
2	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2013
3	Type of Audit observation	Unqualified
4	Frequency of observation	Not applicable

Signed by:

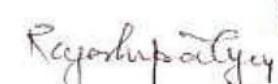
**GALLANT METAL LIMITED**  
  
CHAIRMAN & MANAGING DIRECTOR

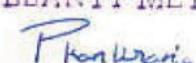
C.P. Agarwal, Managing Director

For A. K. MEHARIA & ASSOCIATES  
Chartered Accountants

  
(A. K. MEHARIA)  
Partner  
Member No. 5791R

M/s. A. K. Meharia & Associates, Statutory  
Auditors

  
  
Rajesh Upadhyaya, Manager Accounts &  
Finance

**GALLANT METAL LTD.**  
  
Prasant Kankrania  
Director.

Prasant Kankrania, Chairman Audit Committee