



Draft Prospectus  
Please read Section 60B of the Companies Act, 1956  
Dated: December 17, 2009

## GALLANTT ISPAT LIMITED

Our Company was incorporated on February 11, 2005, as Gallantt Ispat Limited under the Companies Act, 1956 at Kolkata, West Bengal, with CIN U27109 WB2005PLC101650 of 2005 with the Registrar of Companies, West Bengal. On February 11, 2008 our Registered Office was shifted from 21, Hemant Basu Sarani, 3<sup>rd</sup> Floor, Room No-306, Kolkata-700001 to Ashyana, 29C, Bentinck Street, Kolkata - 700 069, West Bengal, India, our current address. The Promoters of our Company are Mr. Chandra P. Agarwal, Mr. Prem P. Agarwal, Mr. Nitin M. Kandoi, M/s Chandra Prakash Agarwal & Sons HUF and Gallantt Metal Limited.

**Registered Office:** Ashyana, 29C, Bentinck Street, Kolkata - 700 069, West Bengal, India. **Tel:** +91 33 22312429; **Fax:** +91 33 22312429;

**Contact Person/ Compliance Officer:** Mr. Nitesh Kumar, Company Secretary and Manager - Accounts and Finance;

**E-mail:** investors@gallantt.com; **Website:** www.gallantt.com

**PUBLIC ISSUE OF 81,00,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. 50/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. 40/- PER EQUITY SHARE AGGREGATING TO RS. 4,050 LACS (HEREINAFTER REFERRED TO AS THE "ISSUE") COMPRISING OF 14,00,000 EQUITY SHARES OF PROMOTER CONTRIBUTION AND NET OFFER TO THE PUBLIC OF 67,00,000 EQUITY SHARES OF RS.10/- EACH. THE ISSUE WOULD CONSTITUTE 30.26% OF THE FULLY POST ISSUE PAID UP CAPITAL OF OUR COMPANY AND THE NET OFFER TO THE PUBLIC WOULD CONSTITUTE 25.03% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF OUR COMPANY.**

**THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- EACH AND THE ISSUE PRICE IS 5 (FIVE) TIMES THE FACE VALUE.**

### RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of our Company, there has been no formal market for the securities of the company. The face value of the Equity Shares is Rs. 10/ and the issue price is 5 times of the face value. The issue price (as determined by our Company in consultation with the Lead Manager and as stated in the chapter titled on "Basis For Issue Price" beginning on page 91 of this Draft Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the company or regarding the price at which the equity shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investments. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of the Draft Prospectus. Specific attention of the investors is invited to the chapter titled "Risk Factors" beginning on page 10 of the Draft Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in the Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### LISTING

The Equity Shares issued through the Draft Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). Our Company has received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters number [●] and [●], dated [●] and [●], respectively. For purposes of this Issue, [●] is the Designated Stock Exchange.

### IPO GRADING

[●] has assigned 'IPO grade [●]' to the proposed public issue of our Company. For more information on IPO Grading, please refer to the paragraph titled [●] of the chapter titled "General Information" on page 33 of the Draft Prospectus.

#### LEAD MANAGER



#### **Anand Rathi Advisors Limited**

11<sup>th</sup> Floor, Times Tower, Kamala City  
Senapati Bapat Marg, Lower Parel,  
Mumbai - 400 013.

**Tel:** +91 22 4047 7000

**Fax:** +91 22 4047 7070

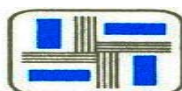
**Email:** gil.ipo@rathi.com

**Contact Person:** Mr. V. Prashant Rao/ Mr. Ankoor Choudharri

**Website:** [www.rathi.com](http://www.rathi.com)

**SEBI Registration Numbers:** MB/INM000010478

#### REGISTRAR TO THE ISSUE



#### **Niche Technologies Private Limited**

D-511, Bagree Market,

71, B.R.B. Basu Road,

Kolkata - 700 001

**Tel:** +91 33 22357270/7271/3070/2234

**Fax:** +91 33 22156823

**Email:** gil@nichetechpl.com

**Contact Person:** Mr. S. Abbas

**Website:** [www.nichetechpl.com](http://www.nichetechpl.com)

**SEBI Registration Numbers:** INR000003290

### ISSUE PROGRAMME

**ISSUE OPENS ON : [●]**

**ISSUE CLOSSES ON : [●]**

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## SECTION I - DEFINITIONS AND ABBREVIATIONS

In the Draft Prospectus, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this Section.

In the Draft Prospectus, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this Section.

### *Conventional/General Terms*

Term	Description
“Gallantt Ispat Limited” or “the Company” or “our Company” or the “Issuer” or “GIL”	Unless the context otherwise requires, refers to, Gallantt Ispat Limited, a public limited company incorporated under the Companies Act and having its registered office at Ashyana, 29C, Bentinck Street, Kolkata - 700 069, India.
Group Companies	Companies, partnership firms, and such other entities enumerated in the chapter titled ‘Our Promoter Group and Group Entities’ beginning on page 176 of this Draft Prospectus.
Promoters	The Promoters of our Company, namely, Mr. Chandra Prakash Agarwal, Mr. Prem Prakash Agarwal, Mr. Nitin M Kandoi, M/s Chandra Prakash & Sons HUF, Gallantt Metal Limited
“you”, “your” or “yours”	Prospective investors in this Issue.
“we”, “us” and “our”	Unless the context otherwise requires, refers to Gallantt Ispat Limited.

### *Issue Related Terms*

Term	Description
Allotted / Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue to successful Applicant.
Allottee	The successful Applicant to whom the Equity Shares are being/ have been allotted.
Applicant	Any prospective investor who makes an application pursuant to the terms of this Prospectus
Articles / Articles of Association	Articles of Association of Gallantt Ispat Limited.
Auditor	The statutory auditor of our Company, being M/s Anoop Agrawal & Company, Chartered Accountants.
Banker(s) to the Issue	[●]
Bankers to our Company	Bankers to our Company, being State Bank of India, State Bank of Patiala, State Bank of Mysore and HDFC Bank Limited
Issue Closing Date	The date after which the Syndicate will not accept any Applications for the Issue, which shall be notified in an English national newspaper, Hindi national newspaper and a Bengali newspaper with wide circulation, including any revisions thereof.
Issue Opening Date	The date on which the Syndicate shall start accepting Applications for the Issue, which shall be the date notified in an English national newspaper, Hindi national newspaper and a Bengali newspaper with wide circulation.
Application Form	The form in terms of which the Investors shall apply for equity shares of our Company
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicant can submit their Applications.
Board of Directors / Board	The Board of Directors of our Company
BSE	The Bombay Stock Exchange Limited
CAN/ Confirmation of	The note or advice or intimation of Allocation of Equity Shares sent to the Applicants

<b>Term</b>	<b>Description</b>
Allocation Note	who have been allocated Equity Shares
Companies Act	The Companies Act, 1956 and amendments thereto
CLM / Co-Lead Manager	Co-Lead Managers to the Issue, in this case being VC Corporate Advisors Private Limited
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account to the Issue Account after the Prospectus is filed with the RoC, following which the Allotment will be made to successful Applicant.
Designated Stock Exchange	[•]
Director(s)	Director(s) of Gallantt Ispat Limited
Draft Prospectus	The Draft Prospectus dated December 17, 2009 and issued in accordance with Section 60B of the Companies Act and SEBI (ICDR) Regulations, 2009.
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein.
Equity Shares	Equity shares of our Company having a face value of Rs. 10/- each fully paid up unless otherwise specified in the context thereof.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII	Foreign Institutional Investor [as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000] registered with SEBI under applicable laws in India.
Financial Year / Fiscal / FY	Period of twelve months ended March 31 of that particular year, unless specifically stated otherwise.
First Applicant	The applicant whose name appears first in the Application Form
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time.
GoI / Government	The Government of India.
I.T. Act / IT Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAAP	Generally accepted accounting principles in India.
Issue/Issue Size/IPO	Public Issue of 81,00,000 Equity Shares of Rs.10 each for cash at a price of Rs. 50 per share (including a share premium of Rs. 40 per Equity Share) aggregating Rs. 4,050 lacs.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
LM / Lead Manager	Lead Manager to the Issue, in this case being Anand Rathi Advisors Limited
Margin Amount	The amount paid by the Applicant at the time of submission of the Bid, which may be between 10% or 100% of the Application amount, as applicable.
Memorandum of Association	/ of The Memorandum of Association of Gallantt Ispat Limited.
Mutual Fund Portion	5% of the QIB Portion or 33,500 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion. The remaining QIB Portion would be available for allocation to the QIB Applicant including Mutual Funds, subject to valid Applications being received at or above the Issue Price.
Mutual Funds	Mutual Funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Proceeds	Proceeds of the Issue less issue expenses.
Non-Institutional	All Applicants that are not Qualified Institutional Buyers or Retail Individual Applicant

<b>Term</b>	<b>Description</b>
Applicant	and who have Bid for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Issue being up to 26,80,000 Equity Shares available for allocation to Non-Institutional Applicant on a proportionate basis, subject to valid Applications.
NR / Non-Resident	A “person resident outside India”, as defined under FEMA including FIIs.
NRI / Non-Resident Indian	A “person resident outside India”, as defined under FEMA and who is a citizen of India or is a person of Indian origin (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000.
NSE	The National Stock Exchange of India Limited.
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in this Issue.
Pay-in-Date	Issue Closing Date or the last date specified in the CAN sent to Applicant, as applicable.
Pay-in-Period	(i) With respect to Applicant whose Margin Amount is 100% of the Application amount, the period commencing on the Issue Opening Date and extending until the Issue Closing Date, and (ii) with respect to Applicant whose Margin Amount is less than 100% of the Application amount, the period commencing on the Issue Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN.
Person / Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Prospectus	Refers to the document, in terms of which the present Issue of Equity Shares is proposed
QIB Margin Amount	An amount representing at least 10% of the Application amount.
QIB Portion	The portion of the Issue, being atleast 6,70,000 Equity Shares to be Allotted to QIBs on a proportionate basis.
Qualified Institutional Buyers or QIBs	A mutual fund, venture capital fund and foreign venture capital investor registered with the Board; a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of twenty five crore rupees; a pension fund with minimum corpus of twenty five crore rupees; National Investment Fund set up by resolution numbers F. Numbers 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India
Registered Office and Corporate Office	The registered office of our Company being “Ashyana” 29C, Bentinck Street, Kolkata - 700 069.
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Niche Technologies Private Limited.
Retail Individual Applicant	Individual Applicant (including HUFs and NRIs) and Applicant in reserved categories who have applied for Equity Shares for an amount less than or equal to Rs. 100,000.
Retail Portion	The portion of the Issue, being up to 33,50,000 Equity Shares available for allocation to Retail Individual Applicant(s) on a proportionate basis, subject to valid Applications at or above the Issue Price.
Revision Form	The form used by the Applicant to modify the number of Equity Shares or the Application Price in any of their Application Forms or any previous Revision Form(s).
RoC	Registrar of Companies, West Bengal having its address at Registrar of Companies, West Bengal, Ministry of Corporate Affairs, Nizam Palace, 2nd MSO Building, 2nd

Term	Description
	Floor, 234/4, A.J.C.B., Road, Kolkata 700 020, West Bengal, India.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Regulations / SEBI (ICDR) Regulations, 2009	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, including instructions, guidelines and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
Stock Exchanges	BSE and NSE.
Syndicate	The Lead Manager, Co-lead Manager and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among our Company and the members of the Syndicate, in relation to the collection of Applications in the Issue.
Syndicate Members	Intermediaries registered with SEBI and Stock Exchanges and eligible to act as underwriters. Syndicate Member(s) is / are appointed by the LM, in this case being Anand Rath Advisors Limited.
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Applicant as proof of registration of the Application.
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America.

#### ***Industry/Company Related Terms***

Term	Description
AC sheet	Asbestos Cement Sheet
AGECPL	Avant Garde Engineers and Consultants Pvt. Ltd
BFG	Blast Furnace gas
C. B. Pipe	Central Burner Pipe
CB Fan	Central Burner Fan
C I	Cast iron
CCM	Continues Casting Machine
CTD Bar	Cold Twisted Bar
CDM	Clean Development Mechanism
CPP	Captive Power Plant
Cu. M.	Cubic Meter
DRI	Direct Reduced Iron
DIA	Diameter
DG	Diesel Generator
EOT cranes	Elictrical Overhead Ttavelling Crane
EIA	Environmental Impact Association
ESP	Electro Static Precitator
EAF	Electric Arc Furnance
FCB	Fludised Combustion Bolier
FBC	Fluidised Bed Combustion
GCT	Gas Conditioning Tower
GI	Galvanised Iron
GIDA	Gorakhpur Industrial Development Authority
HRSG boiler	Heat Recovery Steam Generating Boiler, used to generate steam from recycled heat.
HT Cables	High Tension Cables
Hz	Hertz
ICTR	M/s Industrial Technical Consultant
IS	Bureau of Indian Standards

IF	Induction Furnace
Kiln	A refractory lined cylindrical Vessel for Chemical reaction with heat exchange
KVA	Kilo volt ampere
KV	Kilo volt
KW / MW	kilo watts / mega watts
Kg	Kilogramme
LIE	Lenders Independent Engineer
Ltrs	Litters
LT Cables	Low Tension Cables
Metric Ton	1000 kilograms
MTPA	Metric Tones Per Annum
MT	Metric Tone
M.S. Billets	Mild Steel Billets
Mm	Millimetre
Mpa	megapascals
Nos.	Numbers
PVC	poly vinyl chloride
PCC	primary cement concert
PICUP	Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited
PF	Power Factor
Qtl	Quintal
RCC	Reinforced Cement Concert
Slag	Vitreous materials containing impurities formed on the surface of molten metals
SBU	Strategic Business Unit
SMS	Steel Melt Shop
SECL	South Eastern Coalfields Ltd.
Sq. M.	Square Meter
Tramp element	Tramp element are non metallic elements considered undesirable in most steel furnace melts like plastic, rubber, glass etc. found mixed in the metallic scrap
TMT Bars	Thermo Mechanically Treated
unit of power	1 kilo watt hour/1000 watt hour
WHRB	Waste Heat Recovery Boiler

#### *Conventional and General Terms/Abbreviations*

Abbreviation	Full Form
A/c	Account
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BIFR	Board for Industrial and Financial Reconstruction
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited.
CIN	Corporate Identity Number
DB	Designated Branch
DP	Depository Participant.
ECS	Electronic Clearing System
EBIDTA	Earnings Before Depreciation, Interest, Tax, Amortisation and extraordinary items.
EGM	Extraordinary General Meeting.
EPS	Earnings per Equity Share.
FBWC	Fund Based Working Capital
FCNR Account	Foreign Currency Non Resident Account.

FIPB	Foreign Investment Promotion Board.
FIs	Financial Institutions.
GIR Number	General Index Registry Number.
GoI/ Government	Government of India.
HUF	Hindu Undivided Family.
IPO	Initial Public Offer
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
MAPIN	Market Participant and Investor Database
MoA	Memorandum of Association
MoU	Memorandum of Understanding
MNC	Multi National Company
NAV	Net Asset Value
NBFC	Non-Banking Finance Company
NEFT	National Electronic Fund Transfer
NFB	Non Fund Based
NoC	No Objection Certificate
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
NTA	Net Tangible Assets.
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
PAT	Profit after tax
PBT	Profit before tax
R & D	Research and Development
RBI	The Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC/Registrar of Companies, Kolkata	The Registrar of Companies, Kolkata, located at Nizam Palace-II, MSO Building, 2nd Floor, 234/4 AJC Bose Road, Kolkata - 700 020
RoNW	Return on Net Worth.
Rs./ Rupees / INR	Indian Rupees, the legal currency of the Republic of India.
RTGS	Real Time Gross Settlement
SBAR	State Bank Advance Rate
SBI	State Bank of India
SBM	State Bank of Mysore
SBP	State Bank of Patiala
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SICA	Sick Industrial Companies (Special Provisions) Act, 1995, as amended from time to time
SLC	Stand by Line of Credit
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
UoI	Union of India.
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.
w.e.f	with effect from

Notwithstanding the foregoing, in the chapter titled “Main Provisions of the Articles of Association” on page 259, “Statement of Tax Benefits” on page 95, “Financial Statements” on page 182, “Other Regulatory and Statutory



Disclosures, Disclaimer Clause of BSE on page 230” “Other Regulatory and Statutory Disclosures, Disclaimer Clause of NSE” on page 230 of the Draft Prospectus, defined terms have the meaning given to such terms in these respective sections of the Draft Prospectus.

## **PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

### ***Financial data***

Unless stated otherwise, in table numbers two and five under the heading titled “Quantitative Factors” in the chapter titled “Basis for Issue Price” beginning on page 91 of this Draft Prospectus is derived from our restated financial statements as of and for the financial years ended March 31, 2009, 2008, 2007, 2006 and 2005 and for the period ended August 31, 2009; prepared in accordance with Indian GAAP and the Companies Act restated in accordance with SEBI Regulations, as stated in the report of our statutory auditors, M/s. Anoop Agrawal & Company, Chartered Accountants, beginning on page 182 of this Draft Prospectus.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2007), are to the fiscal year ended March 31 of a particular year.

In this Draft Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

### ***Currency of Presentation***

All references to “India” contained in this Draft Prospectus are to the Republic of India.

In this Draft Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lacs” means “one Hundred thousand”, the word “Crore” means “hundred Lacs”, the word “million (million)” means “ten lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In this Draft Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Draft Prospectus, all figures have been expressed in Lacs of Rupees, except when stated otherwise.

All references to “Rupees” and “Rs.” in this Draft Prospectus are to the legal currency of India.

All references to “Rupees” or “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India.

All references to “US\$”; “U.S. Dollar” or “US Dollars” are to United States Dollars, the official currency of the United States of America. All references to “EURO”, “euro” or “Euro” are to the official currency of the European Union.

### ***Market and Industry Data***

Market and industry data used throughout this Draft Prospectus has been obtained from publications (including websites) available in public domain and internal Company reports. These publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that the market data used in this Draft Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed to be reliable, have not been verified by any independent source.

## FORWARD LOOKING STATEMENTS

We have included statements in the Draft Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result in”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- Increased competition in these sectors/areas in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue ;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, please refer chapters titled ‘*Risk Factors*’ ‘*Our Business*’ and ‘*Management’s Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements*’ beginning on pages 10, 111 and 205 of this Draft Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the member(s) of the Syndicate, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, the LM and the CLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

## SECTION II - RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in the Draft Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. If any of the following risks occur, our business, financial condition and results of operations could suffer, the trading price of the Equity Shares of our Company could decline, and you may lose all or part of your investment. To obtain a complete understanding of our business, you should read this section in conjunction with "Our Business", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Result of Operations" on page 111, 182 and 205 respectively of the Draft Prospectus.*

*The Draft Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Draft Prospectus.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.*

### **Materiality**

*The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality.*

- 1. Some events may not be material individually but may be found material collectively.*
- 2. Some events may have material impact qualitatively instead of quantitatively.*
- 3. Some events may not be material at present but may be having material impacts in future.*

### **Internal Risk Factors**

#### **1. There are Litigations pending against our Promoters / Group Entities:**

Our Group Entities are involved in certain legal proceedings, which are pending at different stages of adjudication before the Judicial / Statutory authorities. Any rulings by such authorities against our Promoters may have a material impact on our operations.

##### **a. Litigation against our Promoter, Gallantt Metal Limited**

<b>Sr. Numbers</b>	<b>Case Type</b>	<b>Numbers of Cases</b>	<b>Amount (to the extent quantifiable) (in Rs.)</b>
1.	Company Matter	1	Not Quantifiable

##### **b. Litigation against our Group Entity, Gallantt Udyog Limited**

###### **Criminal Case**

<b>Sr. Numbers</b>	<b>Case Type</b>	<b>Numbers of Cases</b>	<b>Amount (to the extent quantifiable) (in Rs.)</b>
2.	Railway Property and Unlawful Possession (U.P.), Act 1966.	1	16,00,000

###### **Civil Cases**

<b>Sr. Numbers</b>	<b>Case Type</b>	<b>Numbers of Cases</b>	<b>Amount (to the extent quantifiable) (in Rs.)</b>
1.	Specific Relief Act, 1963	1	Not Quantifiable

2.	Minimum Wages Act, 1948	1	Rs. 25,915/-
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***c. Litigation filed by our Group Entity, Gallantt Udyog Limited***

***Criminal complaints***

<b><i>Sr. Numbers</i></b>	<b><i>Case Type</i></b>	<b><i>Numbers of Cases</i></b>	<b><i>Amount (to the extent quantifiable) (in Rs.)</i></b>
1.	Complainant under Section 138 of the Negotiable Instrument Act, 1881	2	3,60,005

For further details of outstanding litigation pending against us, please refer to the chapter titled “*Outstanding Litigations, Material Developments and Other Disclosures*” beginning on page 216 of this Draft Prospectus.

In the event of any legal proceedings being decided against us, our business, reputation and results of operations could be adversely affected.

- 2. Our company has taken Land on Lease from the Gorakhpur Industrial Development Authority (GIDA) on certain terms and conditions. In the event of any breach of the terms and conditions by our Company, GIDA has a right to terminate the lease, by giving a notice thereof and to resume possession of the entire plot leased or part thereof.***

Our company has taken land; being plot number AL – 5, sector number 23, in villages Sahabajganj and Domaharmafi Paragana/ Tehsil Sahajanwa, District Gorakhpur. on lease, from Gorakhpur Industrial Development Authority (GIDA) vide a lease deed dated May 25, 2007, for establishing an integrated steel plant, captive power plant, spinning mill and modern roller flour mill, for further information with regards to the same kindly refer to the chapter titled “Objects of this Issue” on page number 51 of this Draft Prospectus. The right of our Company to continue to utilize the said plot of land is subject to and conditional upon our Company observing all the terms and conditions of lease of the plot during the lease period including the completion of civil works and installation of machineries within 36 months from June 1, 2006 or within such extended time as may be permitted by GIDA, subject to the conditions specified in the Agreement. In the event of any breach by our Company, GIDA has a right to terminate the lease, by giving a notice thereof and to resume possession of the entire plot leased or part thereof. In the event the lease is terminated and GIDA resumes possession of the entire land or part thereof prior to sale, GIDA has a right to forfeit the allotment together with rents payable, interest due and payable on the unpaid rents and deposit. In addition, our Company will not be entitled to any compensation by GIDA on account of building constructed thereon or any improvements made on the plot.

- 3. Our Company has incurred losses of Rs. 127.64 Lacs and Rs. 12.60 Lacs for the period ended August 31, 2009 and year ended March 31, 2009.***

Our Company had incurred the losses in the first year of operation in Financial Year ended on March 31 2009 and period ended August 31, 2009. For the year ended March 31, 2009, our Company has earned a total income of Rs. 324.51 Lacs against which it had a total expenditure of Rs. 300.61 Lacs and tax provisions of Rs. 36.50 lacs resulting in the loss of Rs. 12.60 Lacs. Further, for the period ended August 31, 2009, our Company has earned a total income of Rs. 4,129.23 Lacs against which it had a total expenditure of Rs. 4,109.70 Lacs and tax provisions of Rs. 147.17 lacs resulting in the loss of Rs. 127.64 Lacs.

- 4. Registration of our logo/tradename “GALLANTT Building Tomorrow” is pending before the Trademark Registry, Kolkata, West Bengal. If any of our applications for registration are not accepted or if any order against us is passed in the oppositions filed, we may lose the statutory protection available to us under the Trade Marks Act, 1999 for such trademarks.***

The application for registration of our logo “GALLANTT Building Tomorrow” is pending before the Trademark Registry, Kolkata, West Bengal. Our products are known by our trademark, which is advertised by us and if any of our applications for registration are not accepted or if any order against us is passed in the

oppositions filed by / against our trademark applications, we may lose the statutory protection available to us under the Trade Marks Act, 1999 for such trademarks. For further details regarding the same, please refer chapter titled “Our Business” beginning on page 111 of this Draft Prospectus.

**5. *Our Company is entering into a new line of business and expanding its capacity without firm commitments / orders.***

As on the date of this Draft Prospectus, our Company does not have any tie-ups / firm arrangements with its existing customers. Further, as stated in the chapter titled “Objects of the Issue”, beginning on page number 51 of this Draft Prospectus, our Company is planning to expand its operations by venturing into new lines of business as well as expanding the capacity of its existing lines of business. In the absence of guaranteed customers for the increased production, there can be no assurance that we will be successful in selling the increased production. This may result in lower capacity utilization and adversely affect the operations and financial results. Further, there is no guarantee that the new ventures of our Company will be successful as there are no tie – ups / firm arrangements for selling the same.

**6. *Our Company has availed of incentives offered under the Heavy Industrial Investment Promotion Policy of the Government of Uttar Pradesh***

Our Company has availed of incentives offered under the Heavy Industrial Investment Promotion Policy of the Government of Uttar Pradesh. The incentives available under the scheme are capital subsidy, infrastructure subsidy, transport subsidy and interest free loan in lieu of trade tax. There are several terms and conditions which our Company is required to comply with in order to continue to enjoy the benefits and incentives. There is no guarantee that the Government of Uttar Pradesh will not revise the said scheme thereby making it unfavourable to our Company. Further, even if our Company is considered eligible for the scheme, there may be a delay with regards to the funds deployment by the Government of Uttar Pradesh.

**7. *We are completely dependent on the Uttar Pradesh markets for the sale of our products. Further, the occurrence of any of the circumstances enumerated below may adversely affect our business, results of operations and financial condition.***

As on the date of this Draft Prospectus, our Company is solely dependant on the markets in Uttar Pradesh for the sale of all of its products that is sponge iron, mild steel billets, re-rolled products (TMT bars) and wheat flour products. Our business, results of operations and financial conditions may be adversely affected if one or more of the following factors occur:

- Negative demand for our products due to increased competition, or our Company’s inability to compete with new players
- Our competitors further penetration
- Enactment of any legislation which may not be favourable to our industry in Uttar Pradesh

We cannot further assure you, that we will be able to de-risk our product portfolio, or our dependence on this state, or that such dependence will not increase in the future.

**8. *We have not applied/ received all the licenses required for our proposed project.***

We have applied for the following approvals and licenses for our proposed project, which we have not yet received.

1. application for a sanction for long term coal linkage, upto 2,97,000 TPA, from the coal mines of South Eastern Coalfields Limited / Northern Coalfields Limited / Mahanadi Coalfields Limited / Central Coalfields Limited for installation of the plant for manufacturing Sponge Iron thorough Pellet, upto 1,98,000 TPA, at Gorakhpur, Uttar Pradesh.
2. application for a sanction for long term coal linkage, upto 1,26,700 TPA, from the coal mines of South Eastern Coalfields Limited / Northern Coalfields Limited / Mahanadi Coalfields Limited / Central

Coalfields Limited for installation of the plant for manufacturing 24 Mega Watts of power through captive power plant at Gorakhpur, Uttar Pradesh.

Any delay/non-receipt of licenses and/or approvals that may be required for the proposed additional facilities could result in a cost and time over run, and accordingly adversely affect our operations and profitability.

**9. *We have entered into a number of related party transactions which may involve conflicts of interest.***

We have entered into a number of related party transactions. The total amount of related party transaction for the period ended August 31, 2009 amounted to Rs. 5,856.59 lacs. Such transactions or any future transactions with related parties may potentially involve conflicts of interest and impose certain liabilities on our Company. For further details, see the section titled “Financial Statements” beginning on page numbers 182 of this Draft Prospectus.

**10. *We have not identified any alternate source of financing the ‘Objects of the Issue’. If we fail to mobilize resources as per our plans, our growth plans may be affected.***

Other than the term loan of Rs. 12,600 lacs sanctioned by SBI, we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule of our project and could adversely affect our growth plans.

For further details please refer to the chapter titled “Objects of the Issue” beginning on page 51 of this Draft Prospectus.

**11. *Our Company is yet to place orders for the plant and machinery worth Rs. 12,207.70 lacs or 58.46% of the total cost of plant and machinery.***

We have estimated the requirement of plant and machinery based on quotations or internal estimates based on prevailing market prices of manufacturers/ suppliers of equipment. However, as on date of filing this Draft Prospectus with SEBI, we have not placed orders amounting to Rs. 12,207.70 lacs or 58.46% of the total value of plant and/or machinery to be financed. We cannot assure that we would be able to acquire the plant and machinery required for the same, or acquire them at the prices as quoted/estimated in this Draft Prospectus. Any delay in acquisition of the plant and/or machinery required to be acquired herein could lead to time and cost overruns, and may have a material adverse effect on our business, results of operations and financial condition.

**12. *Our proposed project is subject to risks on account of inflation in the price of machinery and other equipments that we require for the Project which may increase the overall cost of the project.***

Our Company is subject to risks on account of inflation in the price of machinery and other equipments that we require for the project. Negotiations in respect of technical specifications with some vendors have been commenced and orders will be placed as the negotiations are completed. These factors may increase the overall cost of our project, and we may have to raise additional funds by way of additional debt or equity placement to complete our project, which may have an adverse effect on our business and results of operations.

**13. *The deployment of funds in the project is entirely at our discretion, based on the parameters as mention in the section titled “Objects of the Issue” and is not subject to monitoring by any independent agency.***

The deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by an independent external agency. However, the deployment of funds is subject to monitoring by our audit committee. Further, we cannot assure that the actual costs or schedule of implementation of the proposed manufacturing facility will not vary from the estimated costs or schedule of implementation, and such variance may be on account of one or more factors, some of which may be beyond our control.

**14. *Our Company, Gallantt Metal Limited, our corporate Promoter and Gallantt Udyog Limited, our Group entity, operate from a common registered office.***

As on the date of this Draft Prospectus, our Company, Gallantt Metal Limited, our corporate Promoter and Gallantt Udyog Limited, our Group entity, operate from a common registered office, located at Ashyana, 29, Bentinck Street, Kolkata – 700 069. There is no inter-se agreement between the companies with regards to sharing of expenses or bifurcation of office space. As such our Company's interest cannot be protected in the event of the lease being terminated. Further, if any penal action is initiated against GML or GUL due to which, the office space must be vacated, our Company's operations will be adversely affected.

***15. The property used by our Company as our Registered office is not owned by us and we only have rights as a licensee over the same. Any adverse impact on the title/ownership rights of the Licensor/owner or breach of the terms/ non renewal of the leave and license agreement may impede our effective operations.***

Our Company's Registered cum Corporate office situated at located at Ashyana, 29, Bentinck Street, Kolkata – 700 069 is taken on leave and license basis and we only have rights as a licensee over the same. Any adverse impact on the title/ownership rights of our owner, from whose premises we operate our Registered office or breach of the contractual terms / non renewal of the operational business agreement may impede our Company's operations.

***16. Land on which our Company is developing the projects has been obtained on lease by our Company.***

Gorakhpur Industrial Development Authority ("GIDA") has allotted 112.695 acres of land to our Company on which our Company is setting up its projects. The lease is for a term of 90 years. GIDA reserves the right to withdraw the land by terminating the lease. Further our Company has constructed several immovable structures on the said land. Any such termination would adversely affect our Company's business, financial condition and results of operations.

***17. Our failure to accurately forecast and manage inventory could result in an unexpected shortfall and/or surplus of products, which could harm our business.***

We monitor our inventory levels based on our own projections of future demand. Because of the length of time necessary to produce commercial quantities of our products, we must make production decisions well in advance of sales. An inaccurate forecast of demand for any product can result in the unavailability/surplus of products. This unavailability of products in high demand may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of products, which may increase costs, negatively impact cash flow, reduce the quality of inventory, erode margins substantially and ultimately create write-offs of inventory. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition. The conditions for storing / warehousing the same have to be controlled and constantly monitored, in order to maintain quality of our product. Any deficiency in the same would adversely affect our profitability and results of operations.

***18. Our business and profitability will suffer if we fail to anticipate and develop new products and enhance existing line of products, in order to keep pace with rapid changes in technology.***

The market we operate in is characterized by rapid technological change, evolving industry standards, and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new product to meet client needs. We may not be successful in anticipating or adequately responding to these advances in a timely basis, or, if we do respond, product we develop may not be successful in the marketplace. Further, products, that are developed by our competitors may render our offerings non-competitive or force us to reduce prices, thereby adversely affecting our margins.

***19. Under-utilisation of capacity of our present manufacturing facilities or proposed facilities may adversely affect our business, results of operations and financial condition.***

Our Company has commenced commercial operations of our flour mill unit, Rolling mill unit and mild steel billet unit. We have incurred significant capital expenditure pursuant to the same, and it cannot be assured that we shall be able to completely utilize these production capacities. Use of production capacity is subject to



several variables like availability of raw material, power, water, proper working of machinery, orders on hand, etc. It cannot be assured that we shall be able to utilize our existing or proposed manufacturing facilities to their full capacity or upto an optimum capacity, and non-utilisation of the same may lead to loss of profits or can result in losses, and may adversely affect our business, results of operations and financial condition.

***20. We could become liable to customers, suffer adverse publicity and incur substantial costs as a result of defects in our products, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity.***

Any failure or defect in our products could result in a claim against us for damages, regardless of our responsibility for such a failure or defect. We currently carry no products liability insurance with respect to our products. Although we attempt to maintain quality standards, we cannot assure that all our products would be of uniform quality, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity.

Also, our business is dependent on the trust our customers have in the quality of our products. Any negative publicity regarding our company, brand, or products, including those arising from a drop in quality of merchandise from our vendors, mishaps resulting from the use of our products, or any other unforeseen events could affect our reputation and our results from operations.

***21. Intense competition in the market for our products could affect our cost advantages, which may adversely impact our revenues and profitability.***

Our current expansion plan contemplates an increase in the capacity of our existing product and diversification into manufacturing of new products. The prospects for profitability in the business could lead to other companies entering into this segment.

While we have historically been able to provide our products and services in our principal markets at competitive prices and on a cost-efficient basis, there can be no assurance that we will be able to do so in the future, as our competitors may be able to offer products and services that are more effective than ours.

Growing competition may force us to reduce the prices of our products, which may reduce our revenues and margins and/or decrease our market share, any of which could have a material adverse effect on our business, financial condition and results of operations.

***22. Our business is dependent on our manufacturing facilities. The loss of or shutdown of operations at our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.***

Our manufacturing facilities at Sahajanwa, Gorakhpur, Uttar Pradesh are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output, raw material shortage or unsuitability, obsolescence, labour disputes, strikes, lock-outs, non-availability of services of our external contractors, our ability to respond to technological advances and emerging industry standards and practices in the industries we operate and propose to operate on a cost-effective and timely basis, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities, and any other factors which may or may not be within our control. The occurrence of any of these risks could significantly affect our operating results. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition, results of operations and the trading price of our Equity Shares may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

***23. Our Promoters will continue to hold a majority of our Equity Shares after the Issue and can significantly influence our corporate actions.***

Following the completion of the Issue, our Promoters and Promoter Group will own an aggregate of 69.93% of our issued and paid-up Equity Share Capital. As a result, our promoter Group will have the ability to exercise

significant influence over all matters requiring shareholder's approval, including the election of directors and approval of significant corporate transactions. Our Promoter Group will also be in a position to influence any shareholder action or approval requiring a majority vote, except where it is required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

Our Promoters and/or the members of our Promoter Group will also continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests and/or the interests of our minority shareholders, and there can be no assurance that such actions will not have an adverse effect on our future financial performance and the price of our Equity Shares.

For further details, see the sections titled "*Capital Structure*" and "*Our Promoters and their background*" beginning on pages 39 and 169 respectively in this Draft Prospectus.

***24. We may not be able to sustain effective implementation of our business and growth strategy.***

As a part of our growth strategy, we are planning to make investments designed to increase sales of our products.

There can be no assurance that we will be able to execute our strategy on time and within the estimated budget in the future. Our growth strategy is subject to and involves risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to implement our strategy or growth plans, or complete them within the budgeted cost and timelines. Any inability on our part to manage our growth or implement our strategy effectively could have a material adverse effect on our business, results of operations and financial condition. Further, we operate in a dynamic industry, and on account of changes in market conditions, industry dynamics, technological improvements or changes and any other relevant factors, our growth strategy and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands.

***25. Significant increase in prices or shortage of raw materials and finished goods could harm the results of operations and financial position of our Company.***

In the recent past, there have been fluctuations in the prices of critical raw materials such as iron ore, dolomite, coal etc. both at domestic and international levels. Such fluctuations in prices of raw material and our Company's inability to negotiate at optimum market rates may affect its profitability. Similarly, the prices of finished products have also shown price variations, which may impact its profitability.

Steel industry being a raw material intensive industry, our Company is constantly exposed to possible unpredictability in the supply of raw materials. Disruption in the supply of raw material may lead to hampering of the production process flow. Uncertainty over availability of raw materials such as iron ore, coal and other resources such as water, power and skilled manpower etc. may also affect our Company's operations and in turn the profitability of our Company.

***26. Our Company has unsecured loans which are repayable on demand.***

As on August 31, 2009 our Company has unsecured loan amounting to Rs. 1,500.00 Lacs from our Group Company, Gallantt Udyog Limited, which is repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations.

For further details of these unsecured loans, please refer to the heading of '*Details of Unsecured Loans*' beginning on page 195 under the chapter Auditors' Report' of this Draft Prospectus.

***27. Our inability to attract or retain skilled and experienced employees can adversely affect our operations.***

Our ability to meet future business challenges depends on our ability to attract, recruit and retain talented and skilled personnel. We are highly dependent on our senior management, our Directors and other key personnel,

including skilled project management personnel. A significant number of our employees are skilled engineers and we face strong competition to recruit and retain skilled and professionally qualified staff. Due to the limited pool of available skilled personnel, competition for senior management and skilled engineers in our industry is intense. We may experience difficulties in attracting, recruiting and retaining an appropriate number of managers and engineers for our business needs. We may also need to increase our pay structures to attract and retain such personnel. Our future performance will depend upon the continued services of these persons. The loss of any of the members of our senior management, our Directors or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business and results of operations.

***28. Our inability to maintain the stability of our distribution network and attract additional distributors may have an adverse effect on our results of operations and financial condition.***

The challenge in our business lies in reaching a geographically dispersed end-user at the right time at the right place with the right product. We rely on our distribution network and dealerships to reach the end customer and sell our products in each of the regions in which we operate. Our business is dependent on maintaining good relationships with our distributors and dealers and ensuring that our distributors and dealers find our products to be commercially remunerative and have continuing demand from customers. Furthermore, our growth as a business depends on our ability to attract additional distributors to our distribution network. There can be no assurance that our current distributors and dealers will continue to do business with us, or that we can continue to attract additional distributors and dealers to our network. If we do not succeed in maintaining the stability of our distribution network and attracting additional distributors to our distribution network, our market share may decline and our products may not reach the end customers, materially affecting our results of operations and financial condition.

***29. Due to the absence of any written agreements with our vendors/suppliers, we are exposed to risks due to supply obligations not clearly specified in writing.***

We do not have written agreements with our vendors/suppliers and operate on a purchase order system. Due to the absence of any formal contract with our vendors/suppliers, we are exposed to the risks of irregular supplies or no supplies at all and delayed supplies which would materially affect our results of operations.

***30. Our proposed Project is dependent on performance of our suppliers and external agencies. Any shortfall in the performance of these external agencies may adversely affect our business plans.***

Our proposed Project is dependent on performance of our suppliers and external agencies, which are responsible for construction of buildings, installation and commissioning of plant and machinery and supply and testing of equipment. If our suppliers and external agencies fail to meet the required specifications, it may result in incremental cost and time overruns, which in turn may adversely affect our business plans.

***31. There are no long-term contracts with buyers which may affect our business.***

We do not have any long-term contracts with our customers and any change in the buying pattern of buyers can adversely affect the business of our Company. Although we have cordial business relations with our customers and have received continued business from them in the past, there is no certainty that the same will continue in the years to come and may affect our profitability.

***32. Our Company's contingent liabilities could adversely affect our financial condition.***

As on August 31, 2009, contingent liabilities not provided for, were as under:

1. The estimated amount of contracts remaining to be executed on capital account is Rs. 14874.70 lacs.
2. Contingent liabilities not provided for in respect of :

*(Rs. In Lacs)*

<b>Description</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>31-08-2009</b>
Guarantee given by our Company in favour of M/s Purvanchal Vidyut Vitran Nigam Limited, Gorakhpur	Nil	150.00	150.00
Guarantee given by our Company in favour of Gorakhpur Industrial Development Authority	14.91	14.91	14.91
Guarantee given by our Company in favour of UP Pollution Control Board	Nil	Nil	10.00
Claims not acknowledged as debts (Amount paid to Commercial Tax Department, UP)	Nil	4.18	7.54

***33. Our Company is dependent on its promoters and any inability on their part to contribute to the business may affect its performance.***

The success of our Company is dependent on the experience of the promoters. If the promoters are not able to manage the operations of our Company in an efficient and effective manner, it will affect the profitability of our Company.

***34. We have limited regulatory experience in managing corporate affairs in India.***

Our Company was incorporated on February 11, 2005. We have very limited regulatory experience in managing corporate disclosure and compliance requirements applicable to widely held companies in India and would have to acclimatize ourselves to the new regulatory environment and build-up in-house expertise and resources for the same. If we fail to do so, we may face regulatory actions against us.

***35. Increase in interest rates may materially impact our results of operations.***

We are exposed to interest rate risk and are not currently into any swap or interest rate hedging transactions in connection with our loan agreements. We may enter into interest hedging contracts or other financial arrangements in future to minimize our exposure to interest rate fluctuations. We cannot assure you, however, that we will be able to do so on commercially reasonable terms or any of such agreements we enter into will protect us fully against our interest rate risk. Any increase in interest expense may have a material adverse effect on our business prospects, financial condition and results of operations.

***36. We have significant working capital requirements.***

Our business involves significant working capital. We meet our working capital requirements through internal accruals and debt. Any shortfall in our internal accruals and our inability to raise debt would result in us being unable to meet our working capital requirements, which in turn will negatively affect our financial condition and results of operations.

***37. No alternative use of the machinery used for manufacturing the existing products viz. Re-rolled products, mild steel billets etc.***

The machinery used for manufacturing Re-rolled products, mild steel billets can be used only for manufacturing these products and there is no alternative use of these machineries for any other business. Hence in the event of discontinuance of present business, these machineries cannot be used for any other purpose.

***38. Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditure, lender's approvals and other factors.***

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender's approvals and other factors. There can be no assurance that we shall have distributable funds or that we will declare dividends.

**39. *There was a delay in the performance of one of our corporate Promoter, Gallant Metal Limited when compared to the promises made in its last public issue.***

Gallant Metal Limited, our Corporate Promoter, undertook a public offering in the financial year 2005-2006. There was a delay in the performance of this offering when compared against the implementation schedule laid down in the prospectus of Gallant Metal Limited due to delay in supply of machinery thereby delaying the erection and commissioning of the plant due to which the trial and commercial production were delayed beyond the period of expected completion. For further details, please refer chapter titled “*Other Regulatory and Statutory Disclosures*” beginning on page 226 of this Draft Prospectus.

**40. *We require the prior permission, written or otherwise, of our lender for the following:***

There are certain restrictive covenants in the the Common Loan Agreement dated November 17, 2008, entered into with consortium banks, that is the State Bank of India, State Bank of Mysore and the State Bank of Patiala. These restrictive covenants require us to obtain either the prior permission of such banks or financial institutions or require us to inform them of various activities, including, among others, formulate any scheme of amalgamation, undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicated in the funds flow statements submitted to the Banks from time to time and approved by the Banks, invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies), save and except normal trade credit or security deposits in the normal course of business or advances to employees, enter into borrowing arrangements either secured or unsecured with any other Bank, financial institutions other than those indicated in the funds flow statements submitted to the Bank from time to time and approved by the Bank, undertake any guarantee obligations on behalf of any other company (including group companies), create any charge, lien or encumbrance over its assets or any part thereof in favour of any financial institution, bank, company, firm or persons, sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the banks, change the practice with regard to remuneration of Directors, permit any transfer of the controlling interest or make any drastic change in the management set up, not to repay monies brought in by the promoters/Directors/principal shareholders and their friends and relatives by way of deposits/loans/advances, not to declare or pay dividends in respect of any financial year if any event of default has occurred, to inform the Bank of any distress or other proceeding of court being taken against the hypothecated assets, to inform the Bank or institution of any legal proceedings against our Company by any person making a claim for money against our Company or enforcing against our Company, any guarantee given by our Company. Additionally, some of our Promoters have given personal guarantees as collateral security for amounts borrowed due under some of these financing agreements. We cannot assure you that Promoters will pay or be able to pay under such collateral security in the event that they are required to do so.

**External Risk Factors**

**1. *Political instability or Changes in the government could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects.***

Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant.

Although the Central government has announced policies and taken initiatives that support the economic liberalization policies that have been pursued by previous governments, the rate of economic liberalization could change, and specific laws and policies affecting foreign investment and other matters affecting investment in our securities could change as well.

**2. *Any downgrading of India’s debt rating by an international rating agency could have an unfavorable impact on our business.***

Our country's dependence on foreign investment depends on our credit rating in the international market. Such modes of foreign investment include External Commercial Borrowings, Foreign Currency Convertible Bonds, FDI etc. Our Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available through these modes could be adversely effected in the event of any adverse revisions to India's credit rating for domestic and international debt by international rating agencies such as Standard and Poor's, Moody's Investor Service, and Fitch Ratings. This could have a material adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

**3. *After this Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.***

The price of our Equity Shares may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, , changing perceptions in the market about investments in the Indian economy, adverse media reports on us or the Indian economy, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalisation and deregulation policies and significant developments in India's fiscal regulations.

There has been no recent public market for our Equity Shares prior to this Issue and an active trading market for our Equity Shares may not develop or be sustained after this Issue. Further, the price at which our Equity Shares are initially traded may not correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

**4. *Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.***

Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of our Equity Shares could be adversely affected.

**5. *Due to absence of regulatory entry barriers, the organized as well as unorganized players have easy access in this industry resulting in excess capacity, competition and resultant price pressure on the products.***

There are no regulatory entry barriers for setting up a Integrated Steel Plant. Due to no regulatory entry barriers, many players from the organised as well as the un-organised sector may enter these industries. The entry of these players may result in excess capacity, competition and resultant price pressure on the products.

**6. *You will not be able to immediately sell any of our Equity Shares purchased through this Issue on an Indian stock exchange.***

Our Equity Shares will be listed on the BSE and the NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' "demat" accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved. Until such time, as trading approvals are received from the BSE and the NSE you will not be able to sell any of our Equity Shares issued through the Issue.

**7. *There has been no public market for the Equity Shares prior to this Issue so the Issue Price may not be indicative of the value of the Equity Shares.***

Prior to this Issue, there has been no public market for the Equity Shares in India or elsewhere. The Issue Price as determined by our Company in consultation with the LM and the CLM and could differ significantly from the price at which the Equity Shares will trade subsequent to completion of this Issue. We cannot assure you that even after the Equity Shares have been approved for listing on the Stock Exchanges, any active trading market for the Equity Shares will develop or be sustained after this Issue, or that the offering price will correspond to the price at which the Equity Shares will trade in the Indian public market subsequent to this Issue.

**8. *After this Issue, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not sustain.***

The prices of our Equity Shares may fluctuate after this Issue due to a wide variety of factors, including:

- Volatility in the Indian and global securities markets;
- Our operational performance, financial results and capacity expansion;
- Developments in India's economic liberalization and deregulation policies, particularly in the construction equipment, defence-related equipment and railway products sectors; and
- Changes in India's laws and regulations impacting our business.

**Notes to Risk Factors:**

- Our Company, its Promoters, Directors, promoter group or persons in control of our Company have not been prohibited or debarred from accessing the capital market by the SEBI. Also, none of our promoters, directors or persons in control of our Company was or is a promoter, director or person in control of any other company that is debarred from accessing the capital market under any order or directions made by SEBI. Further Our Company, its Promoters, their relatives, Directors, Promoter Group or persons in control of our Company are not declared as wilful defaulters by RBI / Government Authorities and there are no violations of securities laws committed in the past or pending against them.
- Public issue of 81,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. 50/- per Equity Share including a share premium of Rs. 40/- per Equity Share aggregating to Rs. 4,050 lacs (hereinafter referred to as the "Issue") comprising of 14,00,000 Equity Shares of Promoter contribution and Net Offer to the public of 67,00,000 Equity Shares of Rs.10/- each. The issue would constitute 30.26% of the fully post issue paid up capital of our Company and the Net Offer to the public would constitute 25.03% of the fully diluted post issue paid up capital of our Company.
- Any clarification or information relating to this Issue shall be made available by the LM, CLM and our Company to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. Investors may contact the LM *i.e.* Anand Rathi Advisors Limited, the CLM, *i.e.* VC Corporate Advisors Private Limited and/or Mr. Nitesh Kumar, Company Secretary, Compliance Officer and Manager - Accounts and Finance and/or Niche Technologies Private Limited, Registrar to this Issue for any complaints pertaining to this Issue at the Pre-Issue or Post-Issue stage.
- The Net Worth of our Company, as per our restated financial statements as at March 31, 2009, is Rs. 1,0126.07 lacs and as at August 31, 2009 is 9998.43 Lacs.
- The Issue is being made in terms of sub-clause (ii) of clause (a) and sub-clause (i) of clause (b) of sub-regulation (2) of regulation 26 of the SEBI (ICDR) Regulations, 2009, wherein atleast 10% of the Issue size *i.e.* 6,70,000 Equity Shares shall be allotted to QIBs, failing which the full subscription money shall be refunded.
- The average cost of acquisition of Equity Shares by each of our Promoters, is given as under:

<i>(in Rs.)</i>		
Sr.	Name of Promoter	Average cost of acquisition

Numbers		per share
1.	Mr. Chandra P. Agarwal	1.19
2.	Mr. Prem P. Agarwal	3.00
3.	Mr. Nitin M. Kandoi	1.50
4.	Chandra P. Agarwal & Sons HUF	0.89
5.	Gallantt Metal Limited	10.00

For details please refer to the table titled '*Promoters Contribution and Lock-In*' beginning on page 42 under the chapter titled '*Capital Structure*' of this Draft Prospectus.

- Book value of the Equity Shares of our Company, as per our restated financial statements as at March 31, 2009, is Rs. 78.74/- per Equity Share.
- Details of Related Part Transactions

Name of related party	Nature of Transaction	For the year / period ended					
		August 31, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Gallantt Metal Limited	Investment	71.00	71.00	71.00	71.00	71.00	Nil
Gallantt Udyog Limited	Share Application Money Recd	1500.00	Nil	Nil	Nil	35.00	Nil
Gallantt Udyog Limited	Share Allotment including premium.	Nil	Nil	23.00	370.00	35.00	Nil
Govind Mills Limited / Gallantt Udyog Limited	Loan Given	1760.65	6548.04	1825.85	829.006	Nil	Nil
Govind Mills Limited / Gallantt Udyog Limited	Loan Received Back	1760.65	6548.04	1825.85	829.006	Nil	Nil
Gallantt Metal Limited	Loan Given	63.19	994.50	1100.00	Nil	Nil	Nil
Gallantt Metal Limited	Loan Received Back	Nil	1694.50	400.00	Nil	Nil	Nil
Gallantt Metal Limited	Share Application Money Recd	Nil	1200.00	Nil	Nil	Nil	Nil
Gallantt Metal Limited	Share Application Money Refunded	Nil	500.00	Nil	Nil	Nil	Nil
Gallantt Udyog Limited	Interest Received	Nil	Nil	Nil	3.06	Nil	Nil
Gallantt Udyog Limited	Interest Paid	Nil	0.17	Nil	Nil	Nil	Nil
Gallantt Udyog Limited	Purchase	667.72	1422.37	578.03	Nil	Nil	Nil
Gallantt Metal Limited	Purchase	28.38	134.05	7.73	Nil	Nil	Nil



Name of related party	Nature of Transaction	For the year / period ended					
		August 31, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Mr. Chandra Prakash Agrawal	Remuneration	1.25	3.00	1.20	Nil	Nil	Nil
Mr. Prem Prakash Agrawal	Remuneration	1.25	3.00	1.20	Nil	Nil	Nil
Mr. Ashutosh Agrawal	Salary	1.25	3.00	Nil	Nil	Nil	Nil
Mr. Mayank Agrawal	Salary	1.25	3.00	Nil	Nil	Nil	Nil

For details on Related Party Transactions and Loans and Advances made to any company in which our Directors are interested please refer to the heading titled “*Related Party Disclosures*” beginning in page 199 under the chapter titled “Financial Statements” of this Draft Prospectus.

- Investors are advised to refer to the chapter titled “*Basis for Issue Price*” beginning on page 91 of the Draft Prospectus before making an investment in this Issue.
- We have not issued any Equity Shares other than cash or out of revaluation of assets since inception, except for bonus and pursuant to the amalgamation and demerger issue made out of our Company’s reserves.
- There are no material events occurring after the last balance sheet date, which have an impact on financial statements except as stated under heading titled “Significant Developments after the Date of the Last Financial Statement” under chapter titled “Management Discussion and Analysis of Financial Condition and Results of Operation as reflected in the Financial Statemets” beginning on page 205 of the Draft Prospectus.
- Any clarification or information relating to this Issue shall be made available by the LM, the CLM and our Company to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. Investors may contact the LM *i.e.* Anand Rathi Advisors Limited and CLM *i.e.* VC Corporate Advisors Private Limited and/or Mr. Nitesh Kumar, Company Secretary and/or Niche Technologies Private Limited, Registrar to this Issue for any complaints pertaining to this Issue at the Pre-Issue or Post-Issue stage.
- Trading in equity shares of our Company for all the investors shall be in dematerialized form only.
- There have been no financing arrangements whereby our Promoter Group, the directors of Gallantt Metal Limited, our Promoter, our directors and their relatives who have financed the purchase made by any other person of our securities during a period of six months immediately preceding the date of filing this Draft Prospectus.

We, the LM and the CLM are obliged to keep the Draft Prospectus updated and inform the public of any material change / development until the listing and trading of the Equity Shares offered under the Issue commences.

### SECTION III - INTRODUCTION

*This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Draft Prospectus, including the information contained in the chapters titled “Risk Factors” and the “Auditors Reports to the Restated Financial Statements” and related notes on page 10 and 182 respectively of the Draft Prospectus before deciding to invest in our Equity Shares.*

#### SUMMARY OF INDUSTRY

##### **Overview**

##### **THE STEEL INDUSTRY**

One of the most useful and versatile material, steel is considered to be the backbone of human civilization. As the steel industry has tremendous forward and backward linkages in terms of material flow, income and employment generation, the growth of an economy is closely related to the quantity of steel used by it.

With the present emphasis on creating physical infrastructure, massive investment is planned during the Tenth Plan from year 2002 to year 2007. The future and sustained growth of this industry is intimately linked to the growth of the economy in general and to the performance of the industrial sector and the construction activities, in particular. Construction is the largest end-use sector of steel, accounting for nearly 35% of steel consumption. Further, abysmally low per capita consumption of steel at 27 kilograms (Kg) in India as compared to global majors (China has a per capita consumption of 128 Kg while the US averages around 472 kg and the European Union 428.6 kg.) suggests that there is a tremendous potential for greater demand.

The steel industry comprises of two main types of producers –

- (i) Integrated steel plants (ISP) or primary producers, which manufacture steel mainly through the blast furnace route from Iron Ore; and,
- ii). Mini steel plants (MSP) or secondary sector which manufacture steel through the electric arc furnace (EAF) or induction furnace route.

For further details see the section on Industry Overview on page numbers [●] of the Draft Prospectus.

##### **THE FLOUR MILL INDUSTRY**

In modern flourmills, millstones have been replaced by steel rollers. Old style reel sifters have been replaced by modern plansifters. The design of purifiers has been radically improved, and many new ancillary machines have been incorporated into the milling system. The same basic principles of the Gradual Reduction System of Milling, however, are still universally employed. Even the world's most advanced flourmills are still utilising processing technology that was fully developed as long ago as 1930. The flow diagrams of flour mills in all countries have been made progressively less complex over the last fifty years, with the exception of the Japanese flour milling industry, which produces exceptionally white flour of very low ash (or mineral) content. The development of the flour milling industry has been associated with advances of equipment design, which has improved operating capacity and efficiency, but no major technological breakthrough has occurred.

## Demand Estimates

Roller flour Mills are more sophisticated, refined, organized and provides an efficient way of grinding wheat. In addition, the quality of the following products is also enhanced:

- a) Maida
- b) Suji/Rawa
- c) Atta
- d) Wheat Bran (By product)

The wheat position in the country has been comfortable because of high production and it is available to the industry in the open market to meet its needs in the immediate future. The transport bottlenecks with regard to the availability of railway rakes and wagons have eased. The industry is therefore not unduly worried presently about the supply of wheat for its needs.

On an average the per capita consumption of wheat (Kg. Per capita per annum) has been estimated to be 60 Kg per year. The following table shows the Net Availability of Food Grains (per annum) from 1991 to 2000

### Net Availability of Wheat (per annum) (Kg. per capita per annum)

Year	Kg. Per capita per annum
1991	60.0
1992	57.9
1993	51.2
1994	58.2
1995	63.0
1996	64.4
1997	65.7
1998	55.7
1999	59.8
2000*	58.4

- Note:**
- 1. Per capita net availability given above is not strictly representative of the actual level of consumption in the country, because it does not take into account any change in stocks in possession of traders, producers and consumers.
  - 2. For calculation of per capita net availability the figures of Net Imports from 1991 to 1994 are based on imports and exports on government of India account only. Net Imports from 1995 onwards are however, based on the total exports and imports (both government and private accounts)
  - 3. \* - Provisional

For further details, please refer to “*Industry Overview*” on page 99 of this Draft Prospectus.

## SUMMARY OF OUR BUSINESS

### **Overview**

Our company is one of the growing companies in Uttar Pradesh engaged in the manufacturing and marketing of Sponge Iron, Mild steel billets, Re-Rolled products (TMT bars and Mild Steel Structural) and wheat flour products.

Our Company was incorporated in February 2005 at Kolkata and is promoted by Mr. Chandra Prakash Agrawal, Mr. Prem Prakash Agarwal, Mr. Nitin M Kandoi, M/s Chandra Prakash Agarwal & Sons HUF and M/s Gallantt Metal Ltd.

Our Company was incorporated with a view to setup an integrated steel plant and modern roller flour mill at Sector-23, GIDA, Sahjanwa, Gorakhpur- Uttar Pradesh, to manufacture Sponge Iron, Mild steel billets, Re-Rolled products (TMT bars), flour. Considering the power requirements of our existing manufacturing facilities, our Company also proposes to setup a captive power plant to meet its present requirement of power.

Our Company has already commenced commercial productions for Mild steel billets, Re-Rolled products (TMT bars) in May 2009 and wheat flour products in March 2009. Our Company also proposes to expand its business into Sponge iron production.

Our Company has appointed M/s Industrial Technical Consultant, Raipur (ITCR) as its technical consultant for the proposed Sponge Iron Plant, M/s Akal Sahae Engineers for the Rolling Mill Division and M/s. Avant Garde Engineers and Consultants Pvt. Ltd., Chennai (AGECPL) will be appointed for the Captive Power Plant. Incase of Mild steel billets, M/s Gallantt Metal Limited, our promoting Company, has already developed a technical team at its existing Gorakhpur plant and Bhuj, Gujarat plant. The same team has been utilized for setting up the Mild steel billets plant.

The in house consumption of entire Sponge Iron to manufacture billets which is further rolled into TMT bars along with installation of captive power plant to utilize the waste heat would improve the profitability of the project thereby making it economically more viable.

At GIL, success is measured in terms of customer satisfaction and quality that is built into every product. The value of commitment to quality is also cherished by each of our 256 staff members. Our Company has met standards of Bureau of Indian Standards and has received the IS 1786:2008 certification for high strength deformed steel bars for concrete reinforcements (TMT).

Setting up the integrated steel plant and flour mill in Gorakhpur, Uttar Pradesh also provides our Company with benefits like Interest free loan equivalent to Sales Tax Amount for a period of 15 years, Transport subsidy for 15 years, 20% subsidy of fixed capital investment, 5% additional subsidy of fixed capital investment being first unit under this scheme and Exemption of Mandi tax-2% on wheat purchase, among other benefits.

### **COMPETITIVE STRENGTHS**

#### ***Management Expertise***

Our Promoters have been engaged in the food grain business for more than two decades, and in steel manufacturing business for more than a decade. Other than our Company, our group comprises of two other companies namely, Gallant Udyog Limited (GUL) and Gallantt Metal Limited (GML). GML, incorporated in 2005, is based in Gujarat, and has integrated steel manufacturing operations. Our promoters, over the years, have gained experience in setting up and operating integrated steel plants as well as flour mills. The established position of the Group Companies in the local markets has also resulted in an established customer base and a supplier network in Uttar Pradesh, Chattisgarh, Bihar and Madhya Pradesh. In addition to our Promoters, We have a professionally managed team with technical experts in respective fields and as more specifically detailed in the paragraph on 'Key Managerial Personnel' on page number 166 of the chapter titled '*Our Management*' of this Draft Prospectus.

### **Strong Brand Recognition**

Our Company forms a part of the Gallantt Group. The Gallantt Group is already engaged in the manufacturing of steel products in Gorakhpur, Uttar Pradesh, selling its product under the brand name Gallantt and has successfully marketed their products in Northern India. Our Company proposes to sell its products in Uttar Pradesh and the surrounding areas wherein it has already established considerable brand recognition.

### **Our Quality Certification**

Our Company has met standards of Bureau of Indian Standards and has received the IS 1786:2008 certification for high strength deformed steel bars for concrete reinforcements (TMT). Since our Company is dedicated towards quality of products, processes and inputs, we get repetitive orders from our customers, as we are capable of meeting our quality standards thereby enabling us to maintain our brand image in the market

### **Cordial Relationship between management and labour**

We enjoy cordial relations with our employees and there has been no union of employees. Further, there have been no strikes, lock-out or any labour protest in our organization since the incorporation of our Company.

### **Captive Power plant**

Power is an important factor in every manufacturing facility. Considering the power requirements of our existing manufacturing facilities, our Company also proposes to setup a 16 MW captive power plant to meet its present requirement of power. Captive power plant will give us the stable and uninterrupted power supply which is very crucial in manufacturing of our products. Uninterrupted power supply helps to avoid any delays in manufacturing process thereby ensuring complete utilization of our capacities.

### **Expected High Operating Efficiency**

Our Company's steel plant is proposed to be fully integrated. The sponge iron manufactured will be used captively as raw material by the SMS plant to manufacture Mild steel billets. These Mild steel billets will further be used to manufacture TMT Bars and Structurals. Thus every units finished product will be acting as a raw material for the next unit. Our Company is setting up a 16 MW Captive Power plant will generate power from waste heat of sponge iron plant and also from FBC through D grade coal/ cane bagas/rice husk, which will feed the power requirement of the project and will totally be used for captive purposes. Due to total integration, our company as a whole can reduce its cost of production and achieve better profitability. Our company can sustain/absorb adverse market situation during cyclical recession. The steel industry is highly power-intensive and captive power plant, which has low cost per unit will lead to significant cost saving.

### **Government Incentives & Subsidies**

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

The incentives available under the scheme are capital subsidy, infrastructure subsidy, transport subsidy and interest free loan in lieu of trade tax.

#### *Capital Investment subsidy*

Capital Investment subsidy shall be available @ 10% of the fixed capital Investment on projects with fixed capital investment of more than Rs. 100 crores but up to Rs. 200 crores and @ 20% of fixed capital Investment on the projects with fixed capital investment of more than Rs. 200 Crores. Further fixed capital investment made (within same premises or any other location in the State) within 3 years from the specified date of May 31, 2009 would also

be included in calculating the amount of subsidy. Further 5% additional capital subsidy shall be available to the first unit in the Bundelkhand or Purvanchal region.

#### *The Infrastructure subsidy*

The Infrastructure subsidy shall be available on actual expenditure incurred on creation of infrastructures. The entitlement for Infrastructure Subsidy shall be equivalent to the actual expenses on infrastructure subject to maximum 10% of the total fixed capital investment of the project.

#### *Transport subsidy*

Transport subsidy shall be available for a period of 15 years in respect of imports of raw material from outside the state of Uttar Pradesh up to the factory premises. The entitlement of transport subsidy shall be 100% of the actual transport expenses. The maximum amount of Transport Subsidies is 150% of Rail Tariff for equal distance. The details of transport expenses towards avilment of transport subsidy shall be submitted on quarterly basis to PICUP. Total amount of capital subsidy and infrastructure subsidy shall not exceed Rs. 250 crores and that total of all the subsidies would not exceed 100% of fixed capital investment.

#### *Interest free loan*

Interest free loan shall be available of equivalent amount of tax liability for 15 years in case of fixed capital investment of Rs. 100 crores. The repayment of loan shall be after 7 years. However, in case of capital investment of Rs. 100 crores, the unit can exercise the option of repayment of interest free loan in lump sum (in single installment) immediately after 15 years. In such cases the interest free loan amount shall not be more than 100% of the fixed capital investment/additional fixed capital investment in the project.

Further fixed capital investment of more than Rs. 200 crores will also have one of these options or can exercise options of repayment of interest free loan after 10 years (in single installment immediately after 17 years) subject to the condition that net present value of amount of interest free loan is not more than 100% of investment/additional investment in the project. Further 5% additional capital subsidy shall be available to the first unit in the Bundelkhand or Purvanchal region.

Other benefits:

1. Land on actual cost and concessional rates of registration.
2. Entry Tax exemption on plant & machinery, spare parts and capital goods.
3. Exemption of mandi tax of 2% on purchases of wheat.

#### **Location Advantage**

Company has already taken possession of 112.695 acres of the land required for the project on a 90-year lease from Gorakhpur Industrial Development Authority (GIDA). The project site of our Company is situated at Gorakhpur Industrial Development Authority, Sahjanwa, Gorakhpur, Uttar Pradesh wherein all the required infrastructural facilities are available and the project site at this place has been selected keeping in view the availability of the following facilities:

1. The site has an advantage of an industrial policy of the state government. The policy says of providing certain benefits/incentives as mentioned hereinabove, to units which invest Rs. 200 Crore within a period of six years.
2. The site is ideally suited from the point of view of raw material availability and marketing.

#### Connectivity:

The site is also well connected with all type of transportation.

National Highway: The site is on NH 28.

Railway Station: The site is just 1 km away from the Sahjanwa

Railway Station / Railway Siding: Site is adjacent to Railway line and company is constructing its own siding within factory premises.

Air Port: Gorakhpur Airport is 20 Kms away from the factory site

Thus, the location of the site will be advantageous to our company in transportation of raw materials as well as the finished products.

## SUMMARY OF FINANCIAL STATEMENTS

### Statement of Assets and Liabilities (As Restated)

(Amount in Lacs)

	PARTICULARS	For the year ended 31 <sup>st</sup> March					5 Months ended 31 <sup>st</sup> August
		2005	2006	2007	2008	2009	2009
<b>A.</b>	<b>Fixed Assets:</b>						
	Gross Block	Nil	Nil	39.29	64.70	2249.01	12943.97
	Less: Accumulated Depreciation	Nil	Nil	2.15	6.89	37.15	177.94
	<b>Net Block (A)</b>	<b>Nil</b>	<b>Nil</b>	<b>37.14</b>	<b>57.81</b>	<b>2211.86</b>	<b>12766.03</b>
	<b>Capital Work in Progress</b>	Nil	Nil	65.84	3918.13	9707.19	1949.30
	<b>Pre-Operative Expenses</b>	0.10	0.15	40.33	120.81	332.76	Nil
	<b>TOTAL</b>	<b>0.10</b>	<b>0.15</b>	<b>143.31</b>	<b>4096.75</b>	<b>12251.81</b>	<b>14715.33</b>
<b>B.</b>	<b>Investments (B)</b>	<b>Nil</b>	<b>71.00</b>	<b>71.00</b>	<b>1167.00</b>	<b>71.00</b>	<b>71.00</b>
<b>C.</b>	<b>Current Assets, Loans &amp; Advances:</b>						
	Inventories	Nil	Nil	Nil	Nil	54.14	1327.90
	Sundry Debtors	Nil	Nil	Nil	Nil	121.94	526.86
	Cash & Bank Balances	1.20	0.08	161.19	654.10	52.23	67.30
	Loans & Advances	1.00	1.10	499.59	707.56	102.08	296.80
	Other Current Assets	Nil	Nil	6.92	3.51	3.94	3.94
	<b>TOTAL (C)</b>	<b>2.20</b>	<b>1.18</b>	<b>667.70</b>	<b>1365.17</b>	<b>334.33</b>	<b>2222.80</b>
	Total (A+B+C)	2.20	72.18	882.01	6628.92	12657.14	17009.13
<b>D.</b>	<b>Less: Liabilities &amp; Provisions:</b>						
	Secured Loans	Nil	Nil	Nil	Nil	1548.55	3232.90
	Unsecured Loans	Nil	Nil	Nil	Nil	Nil	1500.00
	Deferred Tax Liabilities	Nil	Nil	Nil	Nil	31.88	177.04
	Current Liabilities and Provisions	1.02	71.04	0.73	88.66	250.65	1400.76
	Share Application Money	Nil	Nil	Nil	795.00	700.00	700.00
	<b>TOTAL (D)</b>	<b>1.02</b>	<b>71.04</b>	<b>0.73</b>	<b>883.66</b>	<b>2531.07</b>	<b>7010.70</b>
	<b>NET WORTH (A+B+C-D)</b>	<b>1.28</b>	<b>1.28</b>	<b>881.28</b>	<b>5745.26</b>	<b>10126.07</b>	<b>9998.43</b>
	<b>Represented By:</b>						
	Share Capital	5.00	5.00	93.00	1821.63	1866.62	1866.62
	Reserves & Surplus	Nil	Nil	792.00	3934.84	8291.76	8291.76
	Less: Misc. Expenses not written off	(3.72)	(3.72)	(3.72)	(11.21)	(19.71)	(19.71)
	Less: Profit & Loss A/c	Nil	Nil	Nil	Nil	(12.60)	(140.24)
	Less: Revaluation Reserve	Nil	Nil	Nil	Nil	Nil	Nil
	Reserves & Surplus (net of Revaluation Reserve)	Nil	Nil	Nil	Nil	Nil	Nil
	<b>NETWORTH</b>	<b>1.28</b>	<b>1.28</b>	<b>881.28</b>	<b>5745.26</b>	<b>10126.07</b>	<b>9998.43</b>

The accompanying Statement of Adjustments to Audited Profit and Loss Account, Adjustments to audited assets and liabilities, Significant Accounting Policies and Notes on Accounts are an integral part of this statement



**Statement of Profit and Loss (As Restated)**
*(Rs. in Lacs)*

Particulars	For the year ended 31 <sup>st</sup> March					5 Months ended 31 <sup>st</sup> August
	2005	2006	2007	2008	2009	2009
<b>INCOME</b>						
Sales						
Finished products manufactured	Nil	Nil	Nil	Nil	310.56	3,111.44
Other Income	Nil	Nil	Nil	Nil	2.37	0.73
Increase/(Decrease) in inventories	Nil	Nil	Nil	Nil	11.58	1,017.06
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>324.51</b>	<b>4,129.23</b>
<b>EXPENDITURE</b>						
Raw material consumed	Nil	Nil	Nil	Nil	270.83	3,421.78
Employee Cost	Nil	Nil	1.65	8.04	29.67	20.30
						405.30
Other manufacturing expenses	Nil	Nil	Nil	Nil	14.41	
Administrative & Other Expenses	0.10	0.05	21.63	54.85	116.74	62.33
Selling & distribution Expenses	Nil	Nil	Nil	Nil	0.61	1.05
Finance Expenses	Nil	Nil	14.74	12.86	102.64	58.15
Depreciation	Nil	Nil	2.15	4.74	30.26	140.79
Preliminary Expenses written off	Nil	Nil	Nil	Nil	Nil	Nil
Less: Transferred to Pre-operative Expenses Pending Allocation	(0.10)	(0.05)	(40.17)	(80.49)	(211.94)	Nil
Less: Expenses capitalized to Fixed Assets					(52.61)	Nil
<b>Total Expenditure</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>300.61</b>	<b>4,109.70</b>
Profit Before Taxation	Nil	Nil	Nil	Nil	23.90	19.53
Less: Provision for Taxation:						
Current	Nil	Nil	Nil	Nil	2.46	2.01
Deferred	Nil	Nil	Nil	Nil	31.88	145.16
FBT	Nil	Nil	Nil	Nil	2.16	Nil
Profit After Taxation before extraordinary items	Nil	Nil	Nil	Nil	(12.60)	(127.64)
Extraordinary items (net of tax)	Nil	Nil	Nil	Nil	Nil	Nil
<b>Net profit after extra ordinary items</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>(12.60)</b>	<b>(127.64)</b>

## THE ISSUE

<b><i>Equity Shares Offered:</i></b>	
Issue by our Company	81,00,000 Equity Shares aggregating to Rs. 4,050 Lacs
<b><i>Of which</i></b>	
Promoters Contribution	14,00,000 Equity Shares aggregating to Rs. 700 Lacs
Net Issue to the Public	67,00,000 Equity Shares aggregating to Rs. 3,350 Lacs
<b><i>Of which</i></b>	
A) Qualified Institutional Buyers Portion	6,70,000 Equity Shares aggregating to Rs. 335.00 Lacs, constituting at least 10% of the Net Issue. 5% of the QIB Portion i.e. 33,500 Equity Shares aggregating to Rs. 16.75 Lacs shall be available for allocation proportionately to mutual funds. Mutual fund Applicants shall also be eligible for proportionate allocation under the balance available for Qualified Institutional Buyers.
B) Non-Institutional Portion	26,80,000 Equity Shares aggregating to Rs. 1,340 Lacs, constituting not more than 40% of the Net Issue that will be available for allocation to Non-Institutional Applicants.
C) Retail Portion	33,50,000 Equity Shares aggregating to Rs. 1,675 Lacs constituting not less than 50% of the Net Issue that will be available for allocation to Retail Individual Applicant.
Equity Shares outstanding prior to the Issue	1,86,66,297 Equity Shares
Equity Shares outstanding after the Issue	2,67,66,297 Equity Shares
Use of Proceeds	Please refer to chapter titled “Objects of the Issue” beginning on page 51 of the Draft Prospectus for additional information.

## GENERAL INFORMATION

Our Company was incorporated on February 11, 2005, as Gallantt Ispat Limited under the Companies Act, 1956 at Kolkata, West Bengal, with CIN U27109 WB2005PLC101650 of 2005 with the Registrar of Companies, West Bengal. On February 11, 2008 our Registered Office was shifted from 21, Hemant Basu Sarani, 3<sup>rd</sup> Floor, Room No-306, Kolkata-700001 to Ashyana, 29C, Bentinck Street, Kolkata - 700 069, West Bengal, India, our present address.

### ***Our Registered Office***

Ashyana 29C,  
Bentinck Street,  
Kolkata - 700 069,  
West Bengal,  
India.  
Tel: +91 33 22312429; Fax: +91 33 22312429  
E-mail: investors@gallantt.com;  
Website: www.gallantt.com;

### ***Our Works Office***

AL-5, Sector 23,  
GIDA, Sahajanwa,  
Gorakhpur.  
Uttar Pradesh – 273 209  
Tel: +91 551 2700320; Fax: +91 551 2700300  
E-mail: gil@gallantt.com

### ***Address of our Registrar of Companies***

Registrar of Companies, West Bengal,  
Ministry of Corporate Affairs,  
Nizam Palace,  
2nd MSO Building,  
2nd Floor, 234/4, A.J.C.B., Road,  
Kolkata 700 020.  
West Bengal.

### ***Composition of Our Board***

<b>Name, Designation and DIN</b>	<b>Age (in years)</b>	<b>Address</b>	<b>Nature of Directorship</b>
Mr. Chandra P. Agarwal <i>Chairman and Managing Director</i> DIN: 01814318	54	Govind Mill Limited, Behind Vikas Nagar, Gorakhpur -273007, Uttar Pradesh, India	Executive
Mr. Prem P. Agarwal <i>Whole Time Director</i> DIN: 01397585	43	341-U, Saket Nagar, Gorakhpur – 273015, Uttar Pradesh, India	Executive
Mr. Nitin M. Kandoi <i>Whole Time Director</i> DIN: 01979952	37	Govind Mill Limited, Bargdawa, Vikas Nagar, Gorakhpur -273007, Uttar Pradesh, India	Executive
Mr. Virendra K. Keshari <i>Independent Director</i> DIN: 00455108	50	Keshari Sadan, Tal Bagan, Purba Putiary, Kolkata-700093, West Bengal, India	Non - Executive
Mr. Rajesh K. Jain <i>Independent Director</i>	41	B-50, Suraj Kund Colony, Gorakhpur - 273015, Uttar	Non - Executive

Name, Designation and DIN	Age (in years)	Address	Nature of Directorship
DIN: 02113164		Pradesh, India	
Mr. Jyotirindra N. Dey <i>Independent Director</i> DIN: 00180925	73	40F, Dr. Suresh Sarkar Road, Kolkata – 700014, West Bengal, India	Non - Executive

***Brief profiles of our Managing Director and Whole Time Directors***

**Mr. Chandra Prakash Agarwal**, aged 54 years, is one of the Promoters of our Company and has motivated our Company to succeed in this business. He is a Bachelor of Commerce from the University of Gorakhpur and has an overall experience of twenty three years including thirteen years of experience in the steel industry.

In 1988 Mr. Agrawal set up Govind Agro Industries Private Limited, which was involved in running a flour mill at Gorakhpur. In 1994 our company, under his guidance, set up an induction furnace to produce mild steel ingots and thereafter in 1996, our company added a re – rolling mill. In 2005, Mr. Agarwal set up a company by the name of Gallantt Metal Limited which is involved in running an integrated steel plant and a captive power plant. As the Managing Director Mr. Agarwal, has been the backbone of our Company’s operations and the main driving force behind our current and proposed ventures.

Mr. Agarwal is also associated with one of the Group Companies Gallantt Udyog Limited, a company involved in manufacturing of wheat flour products. He is also a promoter Director of one of our Group Companies, Gallantt Metal Limited where he heads the General Administration and Finance department.

**Mr. Prem P. Agarwal**, aged 43 years, is one of the Promoters of our Company. He is a Bachelor of Commerce from the University of Gorakhpur and has an aggregate experience of eighteen years in the manufacturing of wheat flour products and more than a decade of experience in the steel industry. Mr. Agarwal looks after our company’s day to day administration, accounts and finance. He has been associated with our Company since inception. Mr. Agarwal is also a promoter director of one of our Group Companies, Gallantt Udyog Limited where he looks after the running of flourmills.

**Mr. Nitin M. Kandoi**, aged 37 years, is one of the Promoters of our Company. He is a Bachelor of Commerce from Mumbai University and has an overall experience of fourteen years in the steel industry. Mr. Kandoi was involved in the operations of the steel manufacturing facility of Gallantt Udyog Limited since 1995. He was involved in setting up of the operations of our Company and has been instrumental in the implementation of technological advances made in the manufacturing processes of our Company. He has been with our Company since September 15, 2007.

For further details of our Board of Directors, please refer to “Our Management” beginning on page 153 of the Draft Prospectus.

***Company Secretary and Compliance Officer***

**Mr. Nitesh Kumar**

“Ashyana” 29C,  
Bentinck Street,  
Kolkata - 700 069  
Telefax: +91 33 22312429  
E-mail: investors@gallantt.com

Investors can contact our Company Secretary and Compliance Officer or the Registrar in case of pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, DEMAT credit of Allotted Equity Shares in respective beneficiary accounts, receipt of refund orders if any etc.

***Lead Manager***

**Anand Rathi Advisors Limited**

11th Floor, Times Tower, Kamala City,  
Senapati Bapat Marg,  
Lower Parel,  
Mumbai 400 013  
Tel: +91 22 4047 7000  
Fax: +91 22 4047 7070  
Email: gil.ipo@rathi.com  
Investor Grievance: grievance@rathi.com  
Contact Person: Mr. V. Prashant Rao / Mr. Ankoor Choudharri  
Website: www.rathi.com  
SEBI Registration Numbers: MB / INM000010478

***Co-Lead Manager*****VC Corporate Advisors Private Limited**

31, Ganesh Chandra Avenue,  
2<sup>nd</sup> Floor, Suite Numbers 2C,  
Kolkata – 700 013  
Tel: +91 33 22253940/+91 33 22253941  
Telefax: +91 33 22253941  
Email: gil.ipo@vccorporate.com  
Investor Grievance: mail@vccorporate.com  
Contact Person: Mr. Tanmay Kumar Saha  
Website: www.vccorporate.com  
SEBI Registration Numbers: INM000011096

***Legal Advisors to the Issue*****M/s. Crawford Bayley & Co.**

Solicitors and Advocates  
State Bank Building, 4th Floor,  
N.G.N. Vaidya Marg,  
Fort, Mumbai – 400 023.  
Contact Person: Mr. Sanjay Asher  
Tel: +91 22 22663713  
Fax: +91 22 22663978.  
Email: sanjay.asher@crawfordbayley.com

***Registrar to the Issue*****Niche Technologies Private Limited**

D-511, Bagree Market,  
71, B.R.B. Basu Road,  
Kolkata – 700 001  
India.  
Tel: +91 33 2235 7270/7271/3070/2234  
Fax: +91 33 2215 6823  
Email: gil@nichetechpl.com  
Contact Person: Mr. S. Abbas  
Website: www.nichetechpl.com  
SEBI Registration Numbers: INR000003290

***Bankers to our Company*****State Bank of India****State Bank of Mysore**

Gorakhpur Branch, Bank Road,  
Gorakhpur-273001  
Tel : +91 551 2338360/2332674/2343381  
Fax: +91 551 2334765/2334329  
Contact Person: Mr. Neeraj Yadav  
Email: yadavneeraj1@gmail.com

Vipul Khand Branch,  
1/49 Vipul Khand, Gomti Nagar,  
Lucknow - 226010  
Tel: +91 522 2397960  
Fax: +91 522 2397970  
Contact Person: Mr. R. P. Burman  
Email: dgmcrcdit@sbm.co.in

**State Bank of Patiala**  
21, Vidhan Sabha Marg,  
Lucknow, Uttar Pradesh.  
Tel: +91 522 2239 145  
Fax: +91 522 2238 752  
Contact Person: Mr. H.A. Verma

**HDFC Bank Limited**  
Prahlad Rai Trade Centre,  
Ayoda Crossing, Bank Road,  
Gorakhpur – 273001, Uttar Pradesh.  
Tel: +91 551 2342618  
Fax: +91 551 2342617  
Contact Person: Mr. Deepak Rane  
Email: Deepak.rane@hdfcbank.com

***Bankers to the Issue and Escrow Collection Bank***

[●]

***Statutory Auditor***

**Anoop Agrawal & Company**  
14, Saket Nagar, Lachhipur,  
P.O. Gorakhnath,  
Gorakhpur - 273015  
Tel: +91 551 2260692  
Fax: +91 551 2260708  
Contact Person: Mr. Manish Khandelwal  
E-mail: caanoopagarwal@gmail.com

***Brokers to the Issue***

All members of the recognised stock exchanges would be eligible to act as brokers to this Issue.

***Syndicate members***

[●]

***IPO Grading Agency***

[●]

***Project Appraisal***

Our project has been appraised by State Bank of India, Mumbai, Maharashtra. The details of the Appraising Agency are as under:

**State Bank of India**  
Project Finance SBU,  
Corporate Center,  
3<sup>rd</sup> floor, State Bank Bhavan,  
Madame Cama Road,  
Mumbai – 400 021.  
Tel: +91 5512343082

Fax: +91 5512334765  
Email: yadavneeraj1@gmail.com  
Website: www.sbi.co.in  
Contact Person: Neeraj Yadav

***Statement of Inter Se Allocation Responsibilities for the Issue***

The following table sets forth the *inter se* allocation of responsibilities for various activities between Anand Rath Advisors Limited (“ARAL”) and VC Corporate Advisors Limited (“VCC”) as Co-Lead Managers for the Issue:

Sr. No	Activities	Responsibility	Co-ordinator
1	Capital structuring with relative components and formalities.	ARAL	ARAL
2	Conducting a due diligence of the Company’s operations / management / business plans / legal, etc. Drafting and designing the Draft Prospectus/ Prospectus and of statutory advertisements, including memorandum containing salient features of the Prospectus. Ensuring compliance with applicable stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI, including finalization of the Prospectus and RoC filing of the same.	ARAL	ARAL
3	Drafting, approval and liasioning with Advertising agency for of all advertisements / statutory advertisements / publicity material including: <ul style="list-style-type: none"> <li>• Preparation and finalization of the road-show presentation</li> <li>• Approval of all non-statutory advertisement including corporate advertisements.</li> </ul>	ARAL	ARAL
4	Appointment of the Escrow Collection Banks for the Issue	ARAL/ VC Corp	ARAL
5	Marketing of the issue, which will cover, inter alia, formulating marketing strategies, preparation of publicity budget, arrangements for selection of <ul style="list-style-type: none"> <li>(i) ad-media,</li> <li>(ii) centres of holding conferences of brokers, investors etc.</li> <li>(iii) bankers to issue,</li> <li>(iv) collection centres</li> <li>(v) brokers to issue and</li> <li>(vi) distribution of publicity and issue material including application form, offer document and brochure, and deciding on the quantum of issue material.</li> </ul>	ARAL/ VC Corp	ARAL
6	Institutional marketing of the Issue, which will cover, among other things, <ul style="list-style-type: none"> <li>• Finalizing the list and division of investors for one to one meetings; and</li> <li>• Finalizing road show schedule and investor meeting schedules.</li> </ul>	ARAL	ARAL
7	Retail marketing strategy which will cover, among other things, <ul style="list-style-type: none"> <li>• Finalizing centers for holding conferences for brokers, etc</li> <li>• Formulating media, marketing and, Public Relations strategy;</li> </ul>	ARAL/ VC Corp	ARAL
8	Non Institutional (ex-Retail) marketing strategy which will	ARAL/ VC Corp	ARAL

Sr. No	Activities	Responsibility	Co-ordinator
	cover, among other things, <ul style="list-style-type: none"> <li>Finalizing centers for holding conferences for brokers, etc</li> <li>Formulating media, marketing and, Public Relations strategy;</li> </ul>		
9	Appointment of Printers, Registrar for the Issue and advertising agency	ARAL	ARAL
10	Co-ordination with stock exchanges Issue Activities	ARAL	ARAL
11	Post Issue activities including management of Escrow Accounts, co-ordination of allocation and intimation of allocation with Registrar and Banks, Refund to Applicants, etc. The post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing and trading of instruments, assisting in finalization of basis of allotment, demat and delivery of shares and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. The Co-LM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	VC Corp	VC Corp

### ***Credit Rating***

This being an Issue of Equity Shares, credit rating is not required.

### ***Monitoring Agency***

As the net proceeds of the Issue will be less than Rs. 50,000 Lac, under the SEBI Regulations it is not required that a monitoring agency be appointed by our Company. However the Audit Committee of the Board will monitor the utilization of issue proceeds.

### ***Trustees***

This being an Issue of Equity Shares, the appointment of debenture trustee is not required.

### ***Withdrawal of the Issue***

Our Company, in consultation with the LM and CLM reserves the right not to proceed with the Issue at any time after the Issue closing date, without assigning any reason therefor.

### ***Issue Programme***

#### ***Issue Period***

<b>ISSUE OPENING DATE*</b>	[•]
<b>ISSUE CLOSING DATE</b>	[•]

*\*Our Company may consider participation by Anchor Investors. The Issue Period for Anchor Investors shall be one day prior to the Issue Opening Date. Further the issue shall be open for a minimum of three working days.*

### ***Underwriting***

Our Company has not opted for an underwriting arrangement.



## CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Draft Prospectus with SEBI is as set forth below:

	Share Capital as on the date of filing of this Draft Prospectus	Amount in Rs.	
		Aggregate Value at Nominal Price	Aggregate Value at Issue Price
A	<b><i>Authorised Capital</i></b>		
	2,80,00,000 Equity Shares of Rs. 10/- each	28,00,00,000	
B	<b><i>Issued, Subscribed and Paid-Up Capital before this Issue</i></b>		
	1,86,66,297 Equity Shares of Rs. 10/- each.	18,66,62,970	
C	<b><i>Present Issue to the public in terms of this Draft Prospectus</i></b>		
	81,00,000 Equity Shares of Rs. 10/- each offered at a price of Rs. 50 per share.	8,10,00,000	40,50,00,000
	<b><i>Of which:</i></b>		
	<b><i>Promoters' Contribution*</i></b>		
	14,00,000 Equity Shares of Rs. 10/- each are reserved for Promoters at a premium of Rs. 40 per share.	1,40,00,000	7,00,00,000
	<b><i>Net Issue to Public</i></b>		
	67,00,000 Equity Shares of Rs. 10/- each at a premium of 40 per share.	6,70,00,000	33,50,00,000
D	<b><i>Issued, Subscribed and Paid-Up Capital after this Issue</i></b>		
	2,67,66,297 Equity Shares of Rs. 10/- each	26,76,62,970	1,33,83,14,850
E	<b><i>Reserves and Surplus</i></b>		
	<b><i>Before this Issue</i></b>		
	<b><i>Securities Premium Account</i></b>		82,82,84,203.99
	Amalgamation Reserve		8,92,068.55
	<b>Total</b>		<b>82,91,76,272.54</b>
	<b><i>After this Issue</i></b>		
	Securities Premium Account		1,15,22,84,203.99
	Amalgamation Reserve		8,92,068.55
	<b>Total</b>		<b>1,15,31,76,272.54</b>

\*Our Promoter, Gallantt Metal Limited has brought in Rs. 700 lacs as Promoters' contribution towards the IPO on October 16, 2008.

The present Issue has been authorized by the Board of Directors in their meeting held on September 01, 2009 and by the shareholders of our Company at the Extraordinary General Meeting held on September 25, 2009.

### Details of Increase in Authorised Share Capital since incorporation

Sr. No.	Particulars of Increase	Date of Shareholders' Meeting	AGM/EGM
1.	50,00,000 equity shares of Rs. 10/- each aggregating to Rs. 5,00,00,000/-	Incorporation	-

Sr. No.	Particulars of Increase	Date of Shareholders' Meeting	AGM/EGM
2.	Increased from Rs. 5,00,00,000/- consisting of 50,00,000 equity shares of Rs. 10/- each to Rs. 20,00,00,000/- consisting of 2,00,00,000 equity shares of Rs. 10/- each.	September 29, 2007	EGM
3.	Increased from Rs. 20,00,00,000/- consisting of 2,00,00,000 equity shares of Rs. 10/- each to Rs. 22,00,00,000/- consisting of 2,20,00,000 equity shares of Rs. 10/- each.	November 10, 2008	EGM
4.	Increased from Rs. 22,00,00,000/- consisting of 2,20,00,000 equity shares of Rs. 10/- each to Rs. 25,95,00,000/- consisting of 2,59,50,000 equity shares of Rs. 10/- each.	March 12, 2009*	-
5.	Increased from Rs. 25,95,00,000/- consisting of 2,59,50,000 equity shares of Rs. 10/- each to Rs. 28,00,00,000/- consisting of 2,80,00,000 equity shares of Rs. 10/- each.	September 25, 2009	EGM

*\*Pursuant to the High Court order dated March 12, 2009 with respect to the merger of companies namely Zircon Commercial Private Limited, D. R. Advisory Services Private Limited, Mantra Vanijya Private Limited, Dynasty Sales Private Limited, Sridhar Tie-up Private Limited, Sanhati Tradelink Private Limited and Mrinmoyee Sales Private Limited with the Issuer Company has resulted into an increase in the authorized share capital of the Issuer Company.*

## Notes to Capital Structure

### History of Share Capital increase

#### 1. Equity Share Capital History of our Company (Capital Built up)

Date of Allotment/ made fully paid up	Number of equity shares	Face value (Rs.)	Issue Price (Rs.)	Consideration (cash, bonus, other than cash)	Reasons for Allotment/ Reduction	Numbers of Equity Shares (cumulative)	Cumulative Paid up Equity capital (Rs.)
11/02/2005	50,000	10/-	10/-	Cash	Allotment to the Subscribers to the MOA	50,000	5,00,000
29/03/2007	8,80,000	10/-	100/-	Cash	Further Allotment	9,30,000	93,00,000
30/06/2007	23,000	10/-	100/-	Cash	Further Allotment	9,53,000	95,30,000
30/09/2007	2,223,665	10/-	10/-	Bonus	Further Allotment	31,76,665	3,17,66,650
09/08/2008	1,63,49,632*	10/-		Pursuant to Demerger	Further Allotment	1,95,26,297	19,52,62,970
09/08/2008	13,10,000*	10/-		Pursuant to Demerger	Cancellation of Shares	1,82,16,297	18,21,62,970
02/05/2009	4,50,000**	10/-		Pursuant to Merger	Further Allotment	1,86,66,297	18,66,62,970

*\* Allotted 1,63,49,632 Equity Shares on August 9, 2008 to the Shareholders of the Gallantt Udyog Ltd. pursuant to demerger of the General Investment Division of Gallantt Udyog Ltd. with our Company, and 13,10,000 Equity shares of our company, which were already held by Gallantt Udyog Ltd. in Gallantt Ispat Ltd. has been subsequently cancelled. For further details with regards to the scheme of demerger refer to paragraph captioned Scheme of Demerger, in chapter titled History and Other Corporate Matters, on page number 150.*

*\*\* Pursuant to the order dated March 12, 2009 of the High Court at Calcutta pertaining to the amalgamation of Zircon Commercial Private Limited, D. R. Advisory Services Private Limited, Mantra Vanijya Private Limited, Dynasty Sales Private Limited, Sridhar Tie-up Private Limited, Sanhati Tradelink Private Limited and Mrinmoyee Sales Private Limited with our Company. The shareholders of the amalgamating Companies have been allotted 4,50,000 equity shares of the Issuer Company. For further details with regards to the scheme of amalgamation refer to paragraph captioned 'scheme of amalgamation' in the chapter titled History and Other Corporate Matters on page number 148.*

## 2. Bonus Shares

Details of the bonus shares issued giving the following details.

Sr. Numbers	Name	Number of Shares	Face Value	Percentage of pre-Issue paid-up capital	Percentage of post-Issue paid-up capital
1.	Ashutosh Agrawal	23,333	10	0.125	0.087
2	Prem Prakash Agarwal	23,333	10	0.125	0.087
3	Madhu Agrawal	23,333	10	0.125	0.087
4	Santosh Kumar Agarwal	17,500	10	0.094	0.065
5	Uma Agrawal	17,500	10	0.094	0.065
6	Smriti Agrawal	5,833	10	0.0312	0.022
7	Shyama Agrawal	5,833	10	0.0312	0.022
8	Gorakhpur Petro Oils Ltd.	1,40,000	10	0.75	0.52
9	Govind Mills Limited *	9,17,000	10	4.913	3.426
10	Paramount Vyapaar P. Ltd.	1,16,667	10	0.625	0.436
11	Sharda Trade Link P. Ltd.	9,33,333	10	5.00	3.487

*\* Pursuant to the order dated July 2, 2007 of the High Court at Kolkata, Govind Mills Limited was amalgamated with Govind Steel & Power Limited. Subsequently, the name of Govind Steel & Power Limited was changed to Gallantt Udyog Limited, on November 5, 2007.*

## 3. Details of shares Allotted in the process of merger and de-merger

Pursuant to the order of Calcutta High Court dated June 18, 2008 General Investment Division of Gallantt Udyog Limited was merged with our Company. As per the order shareholders of Gallantt Udyog Limited was allotted Equity Shares in GIL in the ratio of 1:1. Details are as under:

Date Allotment/made fully paid up	Name of Allottee	Number of equity shares	Face value (Rs.)	Issue Price (Rs.)
09/08/2008	Nilgiri Goods P. Ltd.	16,42,300	10/-	N.A.
09/08/2008	Astrol Dealcom P. Ltd.	30,12,088	10/-	N.A.
09/08/2008	Mridul Goods P. Ltd.	24,44,244	10/-	N.A.
09/08/2008	Ishan Sales P. Ltd.	23,53,292	10/-	N.A.
09/08/2008	Chandra Prakash Agarwal	1,71,900	10/-	N.A.
09/08/2008	Chandra Prakash Agarwal & Sons (HUF)	6,30,000	10/-	N.A.
09/08/2008	Mayank Agrawal	29,40,100	10/-	N.A.
09/08/2008	Richie Credit & Finance P. Ltd.	5,42,600	10/-	N.A.
09/08/2008	Uma Agrawal	1,46,400	10/-	N.A.
09/08/2008	Ashutosh Agrawal	1,36,400	10/-	N.A.
09/08/2008	Smriti Agrawal	100	10/-	N.A.
09/08/2008	Concrete Credit Ltd.	9,53,060	10/-	N.A.

09/08/2008	Shyama Agrawal	2,39,148	10/-	N.A.
09/08/2008	Chandni Agrawal	58,000	10/-	N.A.
09/08/2008	Gauri Shankar Agrawal	80,000	10/-	N.A.
09/08/2008	Shyam Manohar Agrawal	10,00,000	10/-	N.A.

Pursuant to the High Court order dated March 12, 2009 Companies namely Zircon Commercial Private Limited, D. R. Advisory Services Private Limited, Mantra Vanijya Private Limited, Dynasty Sales Private Limited, Sridhar Tie-up Private Limited, Sanhati Tradelink Private Limited and Mrinmoyee Sales Private Limited with the Issuer Company. The shareholders of the amalgamating Companies have been allotted 4,50,000 equity shares of the Issuer Company:

Date of Allotment/made fully paid up	Name of Allottee	Number of equity shares	Face value (Rs.)	Issue Price (Rs.)
02/05/2009	Uma Agrawal	2,80,000	10/-	N.A.
02/05/2009	Vinod Kumar Agrawal	50,000	10/-	N.A.
02/05/2009	Ranju Agrawal	41,500	10/-	N.A.
02/05/2009	Shyam Manohar Agrawal & Sons (HUF)	52,500	10/-	N.A.
02/05/2009	Shyam Manohar Agrawal	26,000	10/-	N.A.

#### Participation by the Promoter's Group

Name of the Participant	Numbers shares to be allotted	Face Value	Issue Price	% of post Issue	Lock in period (in years)
Promoter, Gallantt Metal Limited	14,00,000	10	50	5.23	1
<b>Total</b>	<b>14,00,000</b>				

**Note:** Out of the present Issue as per the terms of sub regulation 4 of regulation 32 of the SEBI ICDR Regulations, the Promoters/Promoter Group have to bring in the full amount of their contribution at least one day prior to the Issue opening date. In this case, the Promoter has already brought in the money and it appears as the share application money in the balance sheet. These Equity Shares will be locked in for a period of one year from the date of commercial production or the date of allotment, whichever is later.

#### 4. Promoters Contribution and Lock-In

Our Company has five Promoters namely Mr. Chandra Prakash Agarwal, Mr. Prem Prakash Agarwal, Mr. Nitin M. Kandoi, M/s Chandra Prakash Agarwal & Sons (HUF) and Gallantt Metal Limited. Details of Equity shares held by them and lock in pursuant to the issue are as follows:

Details of Allotment to / Purchase of Equity Shares by Promoters of our Company

Promoter	Date of Allotment	Mode of Acquisition (Allotment/ Transfer)	Numbers of Shares	Face value (Rs.)	Issue / Purchase Price (Rs.)	Consideration (Rs.)	Percentage of pre-Issue paid-up capital	Percent age of post-Issue paid-up capital	Lock-in Period (in years)
Prem Prakash Agarwal	11/2/2005	Allotment	10,000	10/-	10/-	1,00,000	0.054	0.037	3
	30/9/200	Allotment of	23,333	10/-	Nil	Nil	0.125	0.087	3

	7	Bonus Shares							
	Sub-Total		33,333			1,00,000	0.179	0.125	3
Chandra Prakash Agarwal	9/8/2008	Allotment pursuant to Demerger	1,71,900	10/-	N.A.	N.A.	0.921	0.642	3
	30/10/2008	Transfer by way of gift	29,40,100	10/-	10/-	NIL#	15.75	10.984	1
	Sub-Total		31,12,000				16.67	11.63	
Chandra Prakash Agarwal & Sons (HUF)	09/08/2008	Allotment pursuant to Demrger	6,30,000	10/-	N.A.	N.A.	3.375	2.354	3
Nitin Kandoi	01/04/2009	Transfer by way of gift	80,000	10/-	10	NIL##	0.429	0.299	1
Gallantt Metal Limited	30/04/2008	Transfer	17,00,000	10/-	10/-	1,70,00,000	9.10	6.35	3
	14/08/2008	Transfer	69,51,992	10/-	10/-	6,95,19,920	37.24	25.973	3*
	Sub-Total		86,51,992			8,65,19,920			

**Note:** All the Equity Shares were made fully paid up on the date of allotment.

\* Out of 69,51,992 Equity Shares transferred to Gallantt Metal Limited on August 14, 2008, 28,50,000 Equity Shares have been considered as promoters contribution for lock in for 3 years. The balance 41,01,992 Equity Shares have been considered for 1 year lock in.

# 29,40,100 Shares gifted by Mr. Mayank Agrawal.

## 80,000 Shares gifted by Mr. Gauri Shankar Agrawal.

Summary of promoters' contribution locked in for 3 years:

Sr.Numbers	Name of Promoters	Numbers of equity shares offered for lock in for 3 years	% of post issue paid up capital
1.	Prem Prakash Agarwal	33,333	0.125
2.	Chandra Prakash Agarwal	1,71,900	0.642
3.	Chandra Prakash Agarwal & Sons (HUF)	6,30,000	2.354
4.	Gallantt Metal Limited	45,50,000	16.999
<b>TOTAL</b>		<b>53,85,233</b>	<b>20.12</b>

The promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters in the chapter titled "Our Promoters and their Background" beginning on page [●] of this Draft Prospectus.

As per clause (a) of Regulation 36 of the SEBI Regulations, eligible equity shares locked in for a period of 3 years have been locked in from the date of allotment of this issue.

Pursuant to the SEBI Regulations, an aggregate of 20% of the post-issue Equity Share capital of our Company held by our Promoters shall be locked in by our Promoters for a period of three years from the date of allotment in this Issue. The Equity Shares, which are being locked-in for three years, are eligible for computation of Promoters' contribution under sub regulation 1 and 2 of Regulation 33 of the SEBI ICDR Regulations:

We confirm that the minimum Promoters' contribution of 20% which is subject to lock-in for three years does not consist of:

- (i) equity shares acquired in past three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets is involved in such transaction; or
- (ii) equity shares resulting from a bonus issue by utilisation of revaluation reserves or unrealised profits of the issuer or from bonus issue against equity shares which are ineligible for minimum promoters' contribution during the period of last three years;
- (iii) equity shares acquired by promoters during the preceding one year at a price lower than the price at which equity shares are being offered to public in the Issue;
- (iv) equity shares allotted to promoters during the preceding one year at a price less than the issue price, against funds brought in by them during that period, post conversion of partnership firms;
- (v) equity shares pledged with any creditor

The Promoters' contribution has been brought in to the extent of not less than the specified minimum amount and from the persons defined as Promoters under the SEBI Regulations.

Written consent dated October 10, 2009 has been obtained from our Promoters whose securities have been included as part of promoter's contribution subject to lock-in and that these securities will not be disposed/sold/transferred by the promoters during the period starting from the date of filing the Draft Prospectus with SEBI till the date of commencement of lock in period as stated in this Draft Prospectus.

In terms of Regulation 40 of the SEBI Regulations, locked in Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

Further, in terms of Regulation 40 of the SEBI Regulations, locked in Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding Equity Shares which are locked-in as per Regulation 37 of the SEBI Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

In terms of Regulation 39 of the SEBI Regulations, locked-in equity shares may be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution, subject to the following:

- (a) if the Equity Shares are locked-in in terms of clause (a) of Regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of Equity Shares is one of the terms of sanction of the loan;
- (b) if the Equity Shares are locked-in in terms of clause (b) of Regulation 36 and the pledge of Equity Shares is one of the terms of sanction of the loan.

The Equity Shares locked-in by our Promoters for three years are not pledged to any party.

The entire pre-Issue Equity Share Capital of our Company, comprising 1,86,66,297 Equity Shares, shall be locked in for a period of one year from the date of the Allotment of Equity Shares in this Issue, of which 53,85,233 Equity Shares held by the Promoters shall be locked in for three years from the date of Allotment of Equity Shares in this Issue.

## 5. Shareholding pattern of our Company prior and post this Issue

Name of the Shareholders	Pre-Issue Equity Capital		Post-Issue Equity Capital	
	Number of Equity Shares	%	Number of Equity Shares	%
<b>Promoters</b>				
Mr. Chandra P. Agarwal	3,112,000	16.67%	3,112,000	11.63%
Mr. Prem P. Agarwal	33,333	0.18%	33,333	0.12%
Mr. Nitin M. Kandoi	80,000	0.43%	80,000	0.30%
M/s. Gallantt Metal Limited	8,651,992	46.35%	10,051,992	37.55%
M/s. Chandra Prakash Agarwal & Sons (HUF)	630,000	3.38%	630,000	2.35%
<b>Sub Total (A)</b>	<b>12507325</b>	<b>67.00%</b>	<b>13907325</b>	<b>51.96%</b>
<b>Promoter Group</b>				
Gallantt Udyog Limited	3,995,592	21.41%	3,995,592	14.93%
Uma Agrawal	451,400	2.42%	451,400	1.69%
Shyama Agrawal	247,481	1.33%	247,481	0.92%
Other relatives of the Promoters individually holding less than 1% of pre Issue capital.				
Madhu Agrawal	33,333	0.18%	33,333	0.12%
Santosh Kumar Agarwal	25,000	0.13%	25,000	0.09%
Chandani Agarwal	58,000	0.31%	58,000	0.22%
<b>Sub Total (B)</b>	<b>4,810,806</b>	<b>25.77%</b>	<b>4,810,806</b>	<b>17.97%</b>
<b>Promoter &amp; Promoter Group Total (A+B)</b>	<b>17,318,131</b>	<b>92.77%</b>	<b>18,718,131</b>	<b>69.93%</b>
<b>Others Non-Promotor Investors</b>				
Body Corporates	-		-	-
Individuals				

Individual Shareholders holding nominal share capital exceeding Rs. 10 Lac	1,195,733	6.41%	1,195,733	4.47%
Individual shareholders holding nominal share capital up to Rs 10 Lac	99,933	0.54%	99,933	0.37%
Any other (HUF)	52,500	0.28%	52,500	0.20%
<b>Sub Total (C)</b>	<b>1,348,166</b>	<b>7.22%</b>	<b>1,348,166</b>	<b>5.04%</b>
<b>Total Pre Issue Capital (A+B+C)= (D)</b>	<b>18,666,297</b>	<b>100.00%</b>	<b>20,066,297</b>	<b>74.97%</b>
Net Public Issue	-	-	67,00,000	25.03%
<b>Total Issue (E)</b>	<b>-</b>	<b>-</b>	<b>25.03%</b>	
<b>Total Post Issue capital (D+E)</b>			<b>26,766,297</b>	<b>100.00%</b>

**6. The following Directors of Gallantt Metal Limited, hold shares in the Issuer Company as follows:**

Name of the Directors	Numbers of Shares
Chandra Prakash Agarwal	1,71,900
Nitin M Kandoi	80,000
Virendra Kumar Keshari	NIL
Rajesh Kumar Jain	NIL
Jyotirindra Nath Dey	NIL

**7. Details of Allotments/Purchases / Sales in our Company's Equity Shares by our Promoters, Promoter Group and the Directors of our Company during a period of six months preceding the date of filing of this Draft Prospectus with SEBI**

Our promoters, our promoter group, promoter group entities and the Directors of our Company have not purchased, neither have they sold any equity shares during the period of six months preceding the date of filing this Draft Prospectus with SEBI.

**8. Shareholding of our Promoter and Promoter Group prior and post this Issue**

Name of the Shareholders	Pre-Issue Equity Capital		Post-Issue Equity Capital	
	Number of Equity Shares	%	Number of Equity Shares	%
<b>Promoters</b>				
Mr. Chandra P. Agarwal	3,112,000	16.67%	3,112,000	11.63%



Mr. Prem P. Agarwal	33,333	0.18%	33,333	0.12%
Mr. Nitin M. Kandoi	80,000	0.43%	80,000	0.30%
M/s. Gallantt Metal Limited	8,651,992	46.35%	10,051,992	37.55%
M/s. Chandra Prakash Agarwal & Sons (HUF)	630,000	3.38%	630,000	2.35%
<b>Sub Total (A)</b>	<b>12507325</b>	<b>67.00%</b>	<b>13907325</b>	<b>51.96%</b>
<b>Promoter Group</b>				
Gallantt Udyog Limited	3,995,592	21.41%	3,995,592	14.93%
Uma Agrawal	451,400	2.42%	451,400	1.69%
Shyama Agrawal	247,481	1.33%	247,481	0.92%
Other relatives of the Promoters individually holding less than 1% of pre Issue capital.				
Madhu Agrawal	33,333	0.18%	33,333	0.12
Santosh Kumar Agarwal	25,000	0.13%	25,000	0.09%
Chandani Agrawal	58,000	0.31%	58,000	0.22%
<b>Sub Total (B)</b>	<b>4,810,806</b>	<b>25.77%</b>	<b>4,810,806</b>	<b>17.97%</b>
<b>Promoter &amp; Promoter Group Total (A+B)</b>	<b>17,318,131</b>	<b>92.77%</b>	<b>18,718,131</b>	<b>69.93%</b>

**9. a) Particulars of top ten shareholders on the date of filing this Draft Prospectus with SEBI**

Sr. Numbers	Name of the shareholder	Number of Equity Shares	% of Pre-issue Paid up capital
1.	Gallantt Metal Limited	86,51,992	46.35
2.	Gallantt Udyog Limited	39,95,592	21.41
3.	Chandra Prakash Agarwal	31,12,000	16.67
4.	Shyam Manohar Agrawal	10,26,000	5.50
5.	Chandra Prakash Agarwal & Sons (HUF)	6,30,000	3.38
6.	Uma Agrawal	4,51,400	2.42
7.	Shyama Agrawal	2,47,481	1.33
8.	Ashutosh Agrawal	1,69,733	0.91
9.	Nitin M Kandoi	80,000	0.43
10.	Chandani Agrawal	58,000	0.31

**b) Particulars of top ten shareholders ten days prior to filing this Draft Prospectus with SEBI**

<b>Sr. Numbers</b>	<b>Name of the shareholder</b>	<b>Number of Equity Shares</b>	<b>% of Pre-issue Paid up capital</b>
1.	Gallantt Metal Limited	86,51,992	46.35
2.	Gallantt Udyog Limited	39,95,592	21.42
3.	Chandra Prakash Agarwal	31,12,000	16.67
4.	Shyam Manohar Agrawal	10,26,000	5.50
5.	Chandra Prakash Agarwal & Sons (HUF)	6,30,000	3.38
6.	Uma Agrawal	4,51,400	2.42
7.	Shyama Agrawal	2,47,481	1.33
8.	Ashutosh Agrawal	1,69,733	0.91
9.	Nitin M Kandoi	80,000	0.43
10.	Chandani Agrawal	58,000	0.31

**c) Particulars of the top ten shareholders 2 years prior to the date of filing of this Draft Prospectus with SEBI**

<b>Sr. Numbers</b>	<b>Name of the shareholder</b>	<b>Number of Equity Shares</b>	<b>% of Pre-issue Paid up capital</b>
1.	Sharda Trade-link Pvt. Ltd.	13,33,333	7.14
2.	Gallantt Udyog Limited.	13,10,000	7.02
3.	Gorakhpur Petro Oils Ltd.	2,00,000	1.07
4.	Paramount Vyapaar Pvt. Ltd.	1,66,667	0.89
5.	Ashutosh Agrawal	33,333	0.18
6.	Prem Prakash Agarwal	33,333	0.18
7.	Madhu Agrawal	33,333	0.18
8.	Santosh Kumar Agrawal	25,000	0.13
9.	Uma Agrawal	25,000	0.13
10.	Smriti Agrawal	8,333	0.05
11.	Shyama Agrawal	8,333	0.05

- 7 Our Company, Directors, Promoters, LM, CLM and their associates have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of our Company from any person.
- 8 Our Company does not have any ESOS (Employee Stock Option Scheme) or ESPS (Employee Stock Purchase Scheme) for our employees and we do not intend to allot any Equity Shares to our employees under ESOS or ESPS scheme from the proposed Issue. As and when, options are granted to our employees under the ESOP (Employee Stock Option Plan) Schemes, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Plan) Guidelines, 1999.
- 9 The total number of members of our Company as on the date of filing this Draft Prospectus is 17.
- 10 Our Company has not raised any bridge loan against the proceeds of this Issue.
- 11 An over-subscription to the extent of 10% of the Net Issue can be retained for the purpose of rounding off to the nearer multiple of one, while finalizing the basis of allotment. Consequently, the actual allotment may go up to a maximum of 10% of the Net Issue as a result of which the post-Issue paid up capital after

the Issue would also increase by the excess amount of allotments so made. In such an event, the Equity Shares held by our Promoters and subject to lock-in shall be suitably increased so as to ensure that 20% of the post-Issue paid up capital is locked-in

- 12 The Issue is being made in terms of sub-clauses (a) (ii) and (b) (i) of clause (2) of Regulation 26 of the SEBI (ICDR) Regulations, 2009, wherein atleast 10% of the Net offer to the public i.e 6,70,000 Equity Shares shall be allotted to QIBs, failing which the full subscription money shall be refunded.
- 13 In this Issue, in case of over-subscription in all categories, at least 10% of the Net Issue shall be available for Allocation on a proportionate basis to Qualified Institutional Buyers, not less than 50% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Applicants and the balance 40% of the Net Issue shall be available for allocation on a proportionate basis to Individual Applicants other than Retail Individual Investors and other investors including corporate bodies, or institutions, irrespective of the number of specified securities applied for, subject to valid Applications being received at or above the Issue Price.
- 14 Under subscription, if any, in the Individual Applicants other than Retail Individual Investors and other investors including Corporate Bodies, or Institutions Portion and Retail Portion shall be allowed to be met with spillover from the other categories, at the sole discretion of our Company, LM and CLM. In case of under subscription in the QIB Portion (i.e. subscription less than 10% mandatory of Net Issue), the same shall not be available to other categories and full subscription monies shall be refunded.
- 15 Our Company has not made any public issue since its incorporation.
- 16 Our Company has not revalued its assets since inception.
- 17 The Equity Shares offered through this public issue shall be made fully paid-up or maybe forfeited within 12 months from the date of allotment of securities in the manner specified in Regulation 17 of SEBI (ICDR) Regulations, 2009.
- 18 The Equity Shares will be issued and traded on the BSE and NSE only in dematerialized form. Hence the market lot of the Equity Shares is 1 (One share).
- 19 Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares and we shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
- 20 An Applicant cannot make apply for more than the size of the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Applicants.
- 21 We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise
- 22 There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing this Draft Prospectus with SEBI until the Equity Shares issued/ proposed to be issued pursuant to this Issue have been listed.
- 23 As per the RBI regulations, OCBs are not permitted to participate in the Issue.
- 24 The securities, which are subject to lock in, shall carry the inscription “non transferable” and the non-transferability details to both the Depositories NSDL and CDSL shall be informed. The details of lock-in shall be provided to the Designated Stock Exchange, where the Equity Shares of our Company are proposed to be listed.

- 25 No payment, direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Issue.
- 26 Our Company has issued 22,23,665 bonus shares of Rs. 10/- each to the existing shareholders of our Company vide an EGM dated September 29, 2007.
- 27 As on date of filing this Draft Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
- 28 Our Company has not allotted any Equity Shares at a price lower than the Issue Price within the last 12 months, except shares allotted pursuant to amalgamation.
- 29 Restrictive Covenants in the Common Loan agreement from Consortium Banks headed by SBI

The Common Loan Agreement dated November 17, 2008 issued by Consortium Banks for a fund based limit of Rs. 1,24,00,00,000 (Rupees One Hundred Twenty Four Crores Only) against a first pari-passu mortgage and charge over all the immovable and movable properties of the project, both present and future, second pari-passu charge on the current assets of our Company pertaining to the project and personal guarantees of the Promoters namely Mr. Chandra Prakash Agarwal, Mr. Prem Prakash Agarwal and Mr. Nitin Kandoi, contains the following restrictive covenants on our Company:

***We require the prior permission, written or otherwise, of our lenders for the following:***

There are certain restrictive covenants in the the Common Loan Agreement dated November 17, 2008, entered into with consortium banks, that is the State Bank of India, State Bank of Mysore and the State Bank of Patiala. These restrictive covenants require us to obtain either the prior permission of such banks or financial institutions or require us to inform them of various activities, including, among others, formulate any scheme of amalgamation, undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicated in the funds flow statements submitted to the Banks from time to time and approved by the Banks, invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies), save and except normal trade credit or security deposits in the normal course of business or advances to employees, enter into borrowing arrangements either secured or unsecured with any other Bank, financial institutions other than those indicated in the funds flow statements submitted to the Bank from time to time and approved by the Bank, undertake any guarantee obligations on behalf of any other company (including group companies), create any charge, lien or encumbrance over its assets or any part thereof in favour of any financial institution, bank, company, firm or persons, sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the banks, change the practice with regard to remuneration of Directors, permit any transfer of the controlling interest or make any drastic change in the management set up, not to repay monies brought in by the promoters/Directors/principal shareholders and their friends and relatives by way of deposits/loans/advances, not to declare or pay dividends in respect of any financial year if any event of default has occurred, to inform the Bank of any distress or other proceeding of court being taken against the hypothecated assets, to inform the Bank or institution of any legal proceedings against our Company by any person making a claim for money against our Company or enforcing against our Company, any guarantee given by our Company. Additionally, some of our Promoters have given personal guarantees as collateral security for amounts borrowed due under some of these financing agreements. We cannot assure you that Promoters will pay or be able to pay under such collateral security in the event that they are required to do so.

## OBJECTS OF THE ISSUE

The objects of the Issue are

1) To part finance the integrated steel plant consisting of the following modules

- Sponge Iron Plant with a capacity of 99,000 MTPA
- M.S Billets with a capacity of 1,62,380 MTPA
- Re-Rolled Products with a capacity of 1,67,400 MTPA
- Captive Power Plant with a generating capacity of 16 MW

2) To part finance the Flour Mill with a capacity of 1,80,000 MTPA.

3) Listing of our securities on Stock Exchanges

We believe that listing will enhance our brand name, provide liquidity to our existing shareholders and create a public market for our Equity Shares in India. The Main Objects and Objects Incidental or Ancillary to the Main Objects as set out in our MoA enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

**Note:** We have estimated the requirement of plant, equipment and machinery enumerated below based on Quotations and /or our internal estimates based on prevailing market prices of manufacturers/ suppliers of equipment. Wherever we have relied upon quotations, we have specified the necessary details in relation to the date and supplier.

All the plant and machinery required to be purchased pursuant to the objects of the Issue will be sourced domestically. Further, all the plant and machinery required to be purchased pursuant to the objects of the Issue is proposed to be new plant & machinery, and there is no intention on our part to purchase any second hand plant or machinery.

### Fund Requirements

The total estimated fund requirement is as follows:

Sr. Number s	Particulars	Amount (in Rs. Lacs)
1.	Land and Site Development	1,857.79
2.	Setting up of Sponge Iron manufacturing unit at Gorakhpur, Uttar Pradesh	5,204.44
3.	Setting up a Mild Steel Billets manufacturing unit at Gorakhpur, Uttar Pradesh	4,169.98
4.	Setting up of a Re-Rolled Products manufacturing unit at Gorakhpur, Uttar Pradesh	4,793.20
5.	Setting up of Captive Power plant at Gorakhpur, Uttar Pradesh	6,770.80
6.	Setting up a Flour Mill at Gorakhpur, Uttar Pradesh	2,442.89
7.	Margin Money for Working Capital	1,252.47
8.	Contingencies	341.38
9.	Preliminary and Pre Operative Expense	508.25
10.	Miscellaneous Fixed Assets	3,501.31
	<b>Total</b>	<b>30,842.50</b>

## Means of Finance

Sr. Numbers	Particulars	Amount (in Rs. Lacs)
1.	Initial Public Issue of Equity Shares	4,050.00
2.	Term Loan availed from State Bank of India & Consortium Members	12,400.00
3.	Incentive/ Subsidy from State Government of Uttar Pradesh *	4,234.11
4.	Equity Capital including reserves	10,158.39
	<b>Total</b>	<b>30,842.50</b>

### \* Note:

Incentive/ Subsidy from Government of Uttar Pradesh: The Government of Uttar Pradesh has declared the unit (GIL) eligible under the scheme declared vide G.O. Numbers 2941/77-6-2006-10-tax/04 dated 30.11.2006, where our Company will get 20% subsidy of fixed capital investment, maximum 10% of the fixed capital investment towards reimbursement of actual expenses incurred on the development of infrastructure facilities like land, road, power, water etc, 5% additional subsidy of fixed capital investment being the first unit under this scheme, transport subsidy subject to a minimum of 65% of the fixed capital investment. The difference between the maximum and the actual expenses incurred on the development of infrastructure facilities can be utilized towards the transport subsidy. Our Company would also receive, a maximum transport subsidy which is 150% of Rail Tariff for equal distance. The aggregate of all subsidies offered cannot at any time exceed an aggregate of 100% of the fixed capital investment. In addition, our Company is also eligible for interest free loan equivalent to commercial taxes for period of 15 years and repayable after 15 years, not exceeding to 100% of the fixed capital investment.

As per the above incentives declared by the Government of Uttar Pradesh for the industrial development of the state, the High Power Committee has sanctioned Rs. 2,428.00 lac as a subsidy in their meeting held on November 10, 2009, on investment of more than Rs. 10,000 lac which includes Rs. 715.00 lac on infrastructure subsidy, Rs. 1,142.00 lac of capital subsidy and Rs. 571.00 lac of additional capital subsidy on being the first unit under this scheme. Further 5% additional capital subsidy shall be available to the first unit in the Bundelkhand or Purvanchal region.

**Note:** Any increase in the cost of project or shortfall in the funding would be financed through promoters' contribution and unsecured loans.

No part of the Issue proceeds will be paid by us as consideration to our Promoters, Directors, Key Management Personnel or companies promoted by our Promoters, except in the course of normal business.

Whilst our company intends to utilize the net proceeds of the fresh issue in the manner provided above, in the event of a surplus, our company will use such surplus towards general corporate purposes including but not limited to repayment or prepayment of loans taken by our company.

We confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed Public issue, have been made.

## APPRAISAL

Our project has been appraised by State Bank of India, Project Finance SBU, Corporate Center, 3rd floor, State Bank Bhavan, Madame Cama Road, Mumbai – 400 021. The State Bank of India has sanctioned Rs. 7,000.00 Lacs as a Term Loan for the project, vide Letter Numbers AGM/SME/MIS/187 dated July 07, 2008.

### Terms & Conditions of the Term Loan from State Bank of India

Particulars	Revised Terms & Conditions
Facility	Term Loan

Limit	Rs. 70 Crores Only																																										
Margin	Nil																																										
Rate of Interest	At SBAR, minimum 12.75% p.a. with monthly rest Interest tax / other levies / duties, if any, applicable, shall be payable by the Company to the Bank over and above the rates mentioned hereinabove																																										
Primary Security	First pari-passu mortgage and charge on all the immovable and movable properties of the Project, both present and future.																																										
Collateral Security	Second charge on pari-passu basis on the Current Assets of the Company pertaining to the project.																																										
Guarantee	Personal Guarantees of the Promoters Mr. Chandra Prakash Agarwal, Mr. Prem Prakash Agarwal and Mr. Nitin M Kandoi																																										
Repayment	(Rs. In Crores)																																										
	<table><tr><th>Quarter</th><th>FY 2011</th><th>FY 2012</th><th>FY 2013</th><th>FY 2014</th><th>FY 2015</th><th>FY 2016</th></tr><tr><td>Q1</td><td>2.92</td><td>2.92</td><td>2.92</td><td>2.92</td><td>2.92</td><td>2.92</td></tr><tr><td>Q2</td><td>2.92</td><td>2.92</td><td>2.92</td><td>2.92</td><td>2.92</td><td>2.92</td></tr><tr><td>Q3</td><td>2.92</td><td>2.92</td><td>2.92</td><td>2.92</td><td>2.92</td><td>2.92</td></tr><tr><td>Q4</td><td>2.92</td><td>2.92</td><td>2.92</td><td>2.92</td><td>2.92</td><td>2.90</td></tr><tr><td>Total</td><td>11.67</td><td>11.67</td><td>11.67</td><td>11.67</td><td>11.67</td><td>11.65</td></tr></table>	Quarter	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Q1	2.92	2.92	2.92	2.92	2.92	2.92	Q2	2.92	2.92	2.92	2.92	2.92	2.92	Q3	2.92	2.92	2.92	2.92	2.92	2.92	Q4	2.92	2.92	2.92	2.92	2.92	2.90	Total	11.67	11.67	11.67	11.67	11.67	11.65
Quarter	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016																																					
Q1	2.92	2.92	2.92	2.92	2.92	2.92																																					
Q2	2.92	2.92	2.92	2.92	2.92	2.92																																					
Q3	2.92	2.92	2.92	2.92	2.92	2.92																																					
Q4	2.92	2.92	2.92	2.92	2.92	2.90																																					
Total	11.67	11.67	11.67	11.67	11.67	11.65																																					
	Grand Total: Rs. 70 crores																																										

## Other Critical Covenants

### Financial Covenants

The Company shall pay penal interest @ 1% p.a. on the loan outstanding in the event of any one or more of the following defaults during the currency of the loan for the relevant period as mentioned there against:

(a) Any adverse deviation by more than 20% from the levels stipulated as below in respect of any two of the following items for a minimum period of 1 year:

Current Ratio of	1.30
Total Debt Gearing i.e. (TOL/TNW)	1.70
Interest Coverage Ratio	2.00
Debt Service Coverage Ratio	1.35

(b) Default in payment of interest or instalment on due date to any other lender for the period of such default

### Pre-disbursement Conditions

The obligation if the Bank to make disbursements out of the Rupee Term Loan/Opening of letter of credit shall be subject to our Company complying with the following conditions in line with SBI. Our Company shall have:

1	Upfront infusion of 70% of the total promoter's contribution of Rs. 102.19 crores i.e. Rs. 71 crores is to be infused upfront.
2	Tie-up the entire debt requirement for the project.
3	Obtain all applicable statutory / non-statutory clearances for the project including the environmental clearances from the relative Government authorities.
4	Furnish an undertaking from the promoters to maintain control of GIL, to ensure absolute control / responsibility for the Project and its implementation with the promoters. Control means: (a) Holding of at least 51% of the equity share capital. (b) Ability to appoint the majority directors of the board. (c) Ability or right to control / direct the management or policy decisions.
5	Preparation and submission of EIA report.

6	Obtain an undertaking from promoters to meet any shortfall in margin money.
7	Affidavit from P. P. Agarwal to the effect that his is not the person whose name appears in CIBIL list of Suit filed borrowers

### **Special Monitoring**

1. A Lenders Independent Engineer (LIE) of repute would be appointed by the Lenders, who would certify the project completion activities and monitor and report progress on a monthly basis. The cost and expenses of LIE are to be borne by the Company. Detailed scope of LIE may be decided, if required, in consultation with other lenders. Apart from monitoring the project progress and fulfilling any other task assigned by the lenders, the LIE should ensure that:

Suitable performance guarantee clauses are incorporated in the contracts for the performance of the equipments. The Company complies with the recommendations given in the Environment Impact Association (EIA) report. Estimates of civil works and Plant & Machineries are reasonable.

**Comments on credential of suppliers:** The expenditure incurred by the Company is reasonable and is in line with the present market rates.

2. Branch to obtain CA certificate regarding induction of funds by the promoters and utilization of funds on the project. Further, Branch is advised to ensure that debt / equity ratio, as stipulated in the proposal, is maintained throughout the disbursement phase.
3. Legal counsel appointed by the consortium would help the lenders in drawing and execution of documents, ensure that proper and effective charges are created on behalf of all lenders, and thereby assist the lenders in protecting the interest of the lenders.
4. An undertaking should be obtained from the promoters that in case of any over-run in costs, the promoters will arrange to bring in capital/unsecured loans to the extent of the shortfall.
5. Our interest rates should not be lower than that of other banks in the consortium.

### **Other Special Conditions**

The Company shall:

1. Appoint technical, financial and executive personnel of proper qualifications and experience for the key posts to ensure smooth implementation and operation of the Project.
2. Provide regular progress reports on the Project both during the construction and during operation phases to the Bank in such form and manner, as may be required by SBI / Lenders Engineer.
3. Undertake that during the currency of the financial assistance, it shall not, without obtaining prior consent of Bankers declare any dividend on its share capital, (a) if it fails to meet its obligations to pay interest and/or instalments and/or other monies due to the lenders as long as it is in such default, and (b) if the DSRA, if opened, is not funded as required by the SBI/the lenders.
4. Agree the receivables of the project shall not be charged to any other party other than the project lenders and working capital lenders.
5. Agree that in case of its default in repayment of financial assistance or payment of interest thereon on due dates, SBI and/or the Reserve Bank of India will have an unqualified right to disclose or publish the name of the Borrower or its directors as defaulters in such manner and through such medium as SBI and the Reserve Bank of India, in their absolute discretion may think fit.
6. Agree that periodic site visits would be considered by the Bank or an authorized agent of the Bank / facility agent at the expense of the Company.



7. Unless explicitly approved by the Lenders, the combined shareholding of promoters shall not be less than 51% till the currency of the loan. A certificate to this effect is required to be obtained from Statutory Auditor at half yearly intervals.
8. Suitable measures to be taken by the Company as part of the financial closure to make the MOA and related documents legally enforceable and to make the Project Lenders parties to the arrangement, if considered necessary.
9. The Borrower shall also have to comply with customary covenants such as Financial covenants, Representation and Warranties from the Borrower, Conditions Precedent to the effectiveness of the loan and condition precedent to each disbursement, Affirmative covenants by Borrower, Negative covenants, Additional covenants, Information covenants, Events of defaults by the Borrower and the Consequences of the Event of Default, RBI disclosure norms, as applicable, etc.
10. As required under the Banking Regulations, the Company will get itself rated by an external agency acceptable to lenders at its own cost.

#### **Term loan from State Bank of Mysore**

Facility	Term Loan					
Limit	Rs. 24 Crores					
Rate of Interest	0.50% below SBMPLR, present effective rate 13.75% floating or in line with the SBI pricing. Interest tax / other levies / duties, if any, applicable, shall be payable by the Company to the Bank over and above the rates mentioned hereinabove					
Primary Security	First pari-passu mortgage and charge on all the immovable and movable properties of the Project, both present and future.					
Collateral Security	Second charge on pari-passu basis on the Current Assets of the Company pertaining to the project.					
Guarantee	Personal Guarantees of the Promoters Net Means as on 31/03/2007 1) Mr. Chandra Prakash Agarwal Rs. 1.28 crores 2) Mr. Prem Prakash Agarwal Rs. 0.73 crores 3) Mr. Nitin M Kandoi Rs. 0.04 crores					
Repayment	(Rs. In Crores)					
	<b>Quarter</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	<b>Q1</b>	1.00	1.00	1.00	1.00	1.00
	<b>Q2</b>	1.00	1.00	1.00	1.00	1.00
	<b>Q3</b>	1.00	1.00	1.00	1.00	1.00
	<b>Q4</b>	1.00	1.00	1.00	1.00	1.00
	<b>Total</b>	4.00	4.00	4.00	4.00	4.00
<b>Grand Total:</b> Rs. 2400.00 lacs						

The State Bank of Mysore vide its sanction letter dated October 11, 2008 has imposed following additional conditions:

#### **Other Critical Covenants**

##### **Financial Covenants**

The Company shall pay penal interest @ 1% p.a. on the loan outstanding in the event of any one or more of the following defaults during the currency of the loan for the relevant period as mentioned there against

(a) Any adverse deviation by more than 20% from the levels stipulated as below in respect of any two of the following items for a minimum period of 1 year:

Current Ratio of	1.30
Total Debt Gearing i.e. (TOL/TNW)	1.70
Interest Coverage Ratio	2.00
Debt Service Coverage Ratio	1.35

(b) Default in payment of interest or instalment on due date to any other lender for the period of such default

### **Pre-disbursement Conditions**

The obligation if the Bank to make disbursements out of the Rupee Term Loan/Opening of letter of credit shall be subject to the Company complying with the following conditions in line with SBI. The Company shall have:

1	Upfront infusion of 70% of the total promoter's contribution of Rs. 102.19 crores i.e. Rs. 71 crores is to be infused upfront.
2	Tie-up the entire debt requirement for the project.
3	Obtain all applicable statutory / non-statutory clearances for the project including the environmental clearances from the relative Government authorities.
4	Furnish an undertaking from the promoters to maintain control of GIL, to ensure absolute control / responsibility for the Project and its implementation with the promoters. Control means: (a) Holding of at least 51% of the equity share capital. (b) Ability to appoint the majority directors of the board. (c) Ability or right to control / direct the management or policy decisions.
5	Preparation and submission of EIA report.
6	Obtain an undertaking from promoters to meet any shortfall in margin money.
7	Affidavit from P. P. Agarwal to the effect that his is not the person whose name appears in CIBIL list of Suit filed borrowers

### **Special Monitoring**

1) A Lenders Independent Engineer (LIE) of repute would be appointed by the Lenders, who would certify the project completion activities and monitor and report progress on a monthly basis. The cost and expenses of LIE are to be borne by the Company. Detailed scope of LIE may be decided, if required, in consultation with other lenders. Apart from monitoring the project progress and fulfilling any other task assigned by the lenders, the LIE should ensure that:

Suitable performance guarantee clauses are incorporated in the contracts for the performance of the equipments. The Company complies with the recommendations given in the Environment Impact Association (EIA) report. Estimates of civil works and Plant & Machineries are reasonable.

**Comments on credential of suppliers:** The expenditure incurred by the Company is reasonable and is in line with the present market rates.

2) Branch to obtain CA certificate regarding induction of funds by the promoters and utilization of funds on the project. Further, Branch is advised to ensure that debt / equity ratio, as stipulated in the proposal, is maintained throughout the disbursement phase.

3) Legal counsel appointed by the consortium would help the lenders in drawing and execution of documents, ensure that proper and effective charges are created on behalf of all lenders, and thereby assist the lenders in protecting the interest of the lenders.

4) An undertaking should be obtained from the promoters that in case of any over-run in costs, the promoters will arrange to bring in capital/unsecured loans to the extent of the shortfalls.

5) Our interest rates should not be lower than that of other banks in the consortium.

### **Other Special Conditions**

The Company shall:

1. Appoint technical, financial and executive personnel of proper qualifications and experience for the key posts to ensure smooth implementation and operation of the Project.
2. Provide regular progress reports on the Project both during the construction and during operation phases to the Bank in such form and manner, as may be required by SBI / Lenders Engineer.
3. Undertake that during the currency of the financial assistance, it shall not, without obtaining prior consent of Bankers declare any dividend on its share capital, (a) if it fails to meet its obligations to pay interest and/or installments and/or other monies due to the lenders as long as it is in such default, and (b) if the DSRA, if opened, is not funded as required by the SBI/other lenders.
4. Agree the receivables of the project shall not be charged to any other party other than the project lenders and working capital lenders.
5. Agree that in case of its default in repayment of financial assistance or payment of interest thereon on due dates, SBI and/or the Reserve Bank of India will have an unqualified right to disclose or publish the name of the Borrower or its directors as defaulters in such manner and through such medium as SBI and the Reserve Bank of India, in their absolute discretion may think fit.
6. Agree that periodic site visits would be considered by the Bank or an authorized agent of the Bank / facility agent at the expense of the Company.
7. Unless explicitly approved by the Lenders, the combined shareholding of promoters shall not be less than 51% till the currency of the loan. A certificate to this effect is required to be obtained from Statutory Auditor at half yearly intervals.
8. Suitable measures to be taken by the Company as part of the financial closure to make the MOA and related documents legally enforceable and to make the Project Lenders parties to the arrangement, if considered necessary.
9. The Borrower shall also have to comply with customary covenants such as Financial covenants, Representation and Warranties from the Borrower, Conditions Precedent to the effectiveness of the loan and condition precedent to each disbursement, Affirmative covenants by Borrower, Negative covenants, Additional covenants, Information covenants, Events of defaults by the Borrower and the Consequences of the Event of Default, RBI disclosure norms, as applicable, etc.
10. As required under the Banking Regulations, the Company will get itself rated by an external agency acceptable to lenders at its own cost.
11. Branch to obtain opinion reports from the banker of the associates / subsidiaries of the company before disbursement.
12. Payment of term loans to be made directly to the suppliers.
13. Disbursement only after financial closure of the project.

### **Term loan from State Bank of Patiala**

Facility	Term Loan
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Limit	Rs. 30 Crores only					
Margin						
Rate of Interest	0.50% below BPLR, present effective rate 13.50% in line with SBI. Interest tax / other levies / duties, if any, applicable, shall be payable by the Company to the Bank over and above the rates mentioned hereinabove.					
Primary Security	First pari-passu mortgage and charge on all the immovable and movable properties of the Project, both present and future.					
Collateral Security	Second charge on pari-passu basis on the Current Assets of the Company pertaining to the project.					
Guarantee	Personal Guarantees of the Promoters Net Means as on 31/03/2007 1) Mr. Chandra Prakash Agarwal Rs. 1.28 crores 2) Mr. Prem Prakash Agarwal Rs. 0.73 crores 3) Mr. Nitin M Kandoi Rs. 0.04 crores					
Repayment	(Rs. In Crores)					
	<b>Quarter</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	<b>Q1</b>	1.25	1.25	1.25	1.25	1.25
	<b>Q2</b>	1.25	1.25	1.25	1.25	1.25
	<b>Q3</b>	1.25	1.25	1.25	1.25	1.25
	<b>Q4</b>	1.25	1.25	1.25	1.25	1.25
	<b>Total</b>	5.00	5.00	5.00	5.00	5.00
Grand Total: Rs. 30 crores						

The State Bank of Patiala vide its sanction letter dated September 23, 2008 has imposed following additional conditions:

#### Other Critical Covenants

#### Financial Covenants

The Company shall pay penal interest @ 1% p.a. on the loan outstanding in the event of any one or more of the following defaults during the currency of the loan for the relevant period as mentioned there against:

(a) Any adverse deviation by more than 20% from the levels stipulated as below in respect of any two of the following items for a minimum period of 1 year:

Current Ratio of	1.30
Total Debt Gearing i.e. (TOL/TNW)	1.70
Interest Coverage Ratio	2.00
Debt Service Coverage Ratio	1.35

(b) Default in payment of interest or instalment on due date to any other lender for the period of such default

#### Pre-disbursement Conditions

The obligation if the Bank to make disbursements out of the Rupee Term Loan/Opening of letter of credit shall be subject to the Company complying with the following conditions in line with SBI. The Company shall have:

- 1 Upfront infusion of 70% of the total promoter's contribution of Rs. 102.19 crores i.e. Rs. 71 crores is to be infused upfront.
- 2 Tie-up the entire debt requirement for the project.
- 3 Obtain all applicable statutory / non-statutory clearances for the project including the environmental clearances from the relative Government authorities.

4	Furnish an undertaking from the promoters to maintain control of GIL, to ensure absolute control / responsibility for the Project and its implementation with the promoters. Control means: (a) Holding of at least 51% of the equity share capital. (b) Ability to appoint the majority directors of the board. (c) Ability or right to control / direct the management or policy decisions.
5	Preparation and submission of EIA report.
6	Obtain an undertaking from promoters to meet any shortfall in margin money.
7	Affidavit from P. P. Agarwal to the effect that his is not the person whose name appears in CIBIL list of Suit filed borrowers

### **Special Monitoring**

1. A Lenders Independent Engineer (LIE) of repute would be appointed by the Lenders, who would certify the project completion activities and monitor and report progress on a monthly basis. The cost and expenses of LIE are to be borne by the Company. Detailed scope of LIE may be decided, if required, in consultation with other lenders. Apart from monitoring the project progress and fulfilling any other task assigned by the lenders, the LIE should ensure that:

Suitable performance guarantee clauses are incorporated in the contracts for the performance of the equipments. The Company complies with the recommendations given in the Environment Impact Association (EIA) report. Estimates of civil works and Plant & Machineries are reasonable.

**Comments on credential of suppliers:** The expenditure incurred by the Company is reasonable and is in line with the present market rates.

2. Branch to obtain CA certificate regarding induction of funds by the promoters and utilization of funds on the project. Further, Branch is advised to ensure that debt / equity ratio, as stipulated in the proposal, is maintained throughout the disbursement phase.
3. Legal counsel appointed by the consortium would help the lenders in drawing and execution of documents, ensure that proper and effective charges are created on behalf of all lenders, and thereby assist the lenders in protecting the interest of the lenders.
4. An undertaking should be obtained from the promoters that in case of any over-run in costs, the promoters will arrange to bring in capital/unsecured loans to the extent of the shortfalls.
5. Our interest rates should not be lower than that of other banks in the consortium.

### **Other Special Conditions**

The Company shall:

1. Appoint technical, financial and executive personnel of proper qualifications and experience for the key posts to ensure smooth implementation and operation of the Project.
2. Provide regular progress reports on the Project both during the construction and during operation phases to the Bank in such form and manner, as may be required by SBI (Lead Bank) / Lenders Engineer.
3. Undertake that during the currency of the financial assistance, it shall not, without obtaining prior consent of Bankers declare any dividend on its share capital, (a) if it fails to meet its obligations to pay interest and/or installments and/or other monies due to the lenders as long as it is in such default, and (b) if the DSRA, if opened, is not funded as required by the SBI/other lenders.
4. Agree the receivables of the project shall not be charged to any other party other than the project lenders and working capital lenders.

5. Agree that in case of its default in repayment of financial assistance or payment of interest thereon on due dates, SBP and/or the Reserve Bank of India will have an unqualified right to disclose or publish the name of the Borrower or its directors as defaulters in such manner and through such medium as SBP and the Reserve Bank of India, in their absolute discretion may think fit.
6. Agree that periodic site visits would be considered by the Bank or an authorized agent of the Bank / facility agent at the expense of the Company.
7. Unless explicitly approved by the Lenders, the combined shareholding of promoters shall not be less than 51% till the currency of the loan. A certificate to this effect is required to be obtained from Statutory Auditor at half yearly intervals.
8. Suitable measures to be taken by the Company as part of the financial closure to make the MOA and related documents legally enforceable and to make the Project Lenders parties to the arrangement, if considered necessary.
9. The Borrower shall also have to comply with customary covenants such as Financial covenants, Representation and Warranties from the Borrower, Conditions Precedent to the effectiveness of the loan and condition precedent to each disbursement, Affirmative covenants by Borrower, Negative covenants, Additional covenants, Information covenants, Events of defaults by the Borrower and the Consequences of the Event of Default, RBI disclosure norms, as applicable, etc.
10. As required under the Banking Regulations, the Company will get itself rated by an external agency acceptable to lenders at its own cost.

## PROJECT COST

### 1) Land and Site Development

Our Company is setting up the project at AL-5, Sector-23, GIDA, Sahjanwa, Gorakhpur, Uttar Pradesh and has leased 112.695 acres of land for the project for an amount of Rs.440.29 Lacs from Gorakhpur Industrial Development Authority (GIDA). The land is leased for a period of 90 years as per the lease agreement dated May 25, 2007.

The total cost of land & site development is estimated at Rs. 1,857.79 lac of which, our Company has incurred Rs. 1,623.20 lac on land and site development as of August 31, 2009. The land and site development cost includes cost of levelling and development of land, internal road, drainage, sewage, plantation and cost of boundary wall.

The break-up of the cost already incurred for site development as per the valuation report of C. B. Tripathi and Associates dated June 05, 2009 is as follows:

Sr. Numbers	Name of Building	Type of Construction	Area	Unit	Rate per Unit in (Rs.)	Total Cost (Rs. in Lacs)
A.	Land at Sector-23, GIDA, Sahjanwa, Gorakhpur		112.695	Acre	390,691.00	440.29
	Cost for Approach Road to GIDA					4.01
B.	Site Development					
1.		Filling/Levelling / Dressing	5,62,874.42	Cubic Meter	150.00	844.31

2.	Internal road (Kharanja, Road)	10981.50	Square Meter	350.00	38.43
3.	Drainage	306.00	Running Meters	750.00	2.29
4.	Boundary Wall	3521.40	Running Meters	7,750.00	272.91
5.	Boundary Wall Barbed Wire Fencing	2644.00	Running Meters	192.00	5.08
6.	PVC-Gi Pipe fitting for Plantation	1700.00	Running Meters	125.00	2.13
7.	Plantation	4525.00	Numbers	65.00.	2.94
<b>Total</b>					<b>1612.39</b>

The break-up of cost to be incurred for site development as is as follows:

Sr. Numbers	Name of Building	Type of Construction	Area	Unit	Rate In (Rs.)	Total Cost (Rs. In lacs)
A.	<b>Site Development</b>					
1.		Internal road	10000	Sq.M	2,000	200.00
2.		Drainage	5000	Running Meter	750	37.50
3.		PVC-Gi Pipe fitting For Plantation	2000	Running Meter	125	2.50
4.		Plantation	8310	Nos.	65	5.40
<b>Total</b>						<b>245.40</b>

## 2) Setting up of sponge iron manufacturing unit at Sahjanwa, Gorakhpur, Uttar Pradesh

Our Company intends to utilize Rs. 5,204.44 lac to set up the sponge iron manufacturing unit with a capacity of 99,000 MTPA. As of date, the civil work for the foundation of the plant and machinery has been completed and machines worth Rs. 1,325.64 lac have been delivered and are stored at our factory site. For further information on our sponge iron manufacturing unit and the benefits accruing therefrom, please refer to the chapter titled “*Our Business*” beginning on page number 111 of this Draft Prospectus.

The break up of cost is as under:

### PROJECT COST

(Rs. In Lacs)

Sr. Numbers	Particulars	Amount
(a)	Civil Work and Buildings	600.00
(b)	Plant and Machinery	4,604.44
<b>Total Cost of Project</b>		<b>5,204.44</b>

#### a) Civil Work and Building

The estimated cost of Rs. 600.00 lac for civil construction & buildings has been worked out on the basis of preliminary layout and facilities envisaged in the project.

The facilities included in the estimates are factory buildings for main plant and equipment, auxiliary services and raw material storage platforms etc.

The break-up of cost to be incurred for construction of factory building is as given below:

Sr. Numbers	Particulars	Excavation (Cu. M)	Primary Cement & Concrete (Cu. M)	Reinforced Cement & Concrete (Cu. M)	Shutter (Cu. M)	Qty	Total Cost (Rs. in Lac)
1	Conveyor Trustle & Gantry	3000	150.0	1000.0	120.00	1	74.30
2	Kiln Inlet Building	600	30.0	200.0	24.00	1	14.86
3	Kiln Cooler Transfer Building	450	22.5	150.0	18.00	1	11.14
4	Kiln Maintenance Platform	450	22.5	150.0	18.00	1	11.14
5	Kiln Foundations	9000	450.0	3000.0	360.00	1	222.89
6	Cooler Foundations	4500	225.0	1500.0	180.00	1	111.44
7	Cooler Discharge	450	22.5	150.0	18.00	1	11.14
8	Ground Hopper For Coal	300	15.0	100.0	12.00	1	7.43
9	Ground Hopper For Iron Ore	300	15.0	100.0	12.00	1	7.43
10	Screen & Crusher House For Coal	300	15.0	100.0	12.00	1	7.43
11	Screen & Crusher House For Iron Ore	300	15.0	100.0	12.00	1	7.43
12	Transfer Tower	150	7.5	50.0	6.00	1	3.71
13	Intermediate Bin	150	7.5	50.00	6.00	1	3.71
14	Product Separation System	900	45.0	300.00	36.00	1	22.29
15	Product Loadout System	600	30.0	200.00	24.00	1	14.86
16	Control Room	600	30.0	200.00	24.00	1	14.86
17	DG & Compressor Room	225	11.3	75.00	9.00	1	5.57
18	Bag Filters	150	7.5	50.00	6.00	5	18.57
19	E.S.P. Foundations	300	15.0	100.00	12.00	1	7.43
20	Water Tank Below Cooler	450	22.5	150.00	18.00	1	22.37
<b>Total</b>							<b>600.00</b>

#### b) Plant and Machinery



Our Company intends to setup a sponge iron manufacturing facility which would require indigenous machinery.

**Main Line:**

Sr. Numbers	Particulars	Amount (in Rs. Lacs)
<b>(A) Main Line</b>		
1	Rotary Kiln & Cooler Drive System	110.52
2	Complete Kiln & Cooler Assembly	1,062.64
3	Steel Fabrications	152.48
<b>(B) Ancillary / Auxiliary</b>		
4	Various auxiliary/balancing equipments and utility items	3,278.80
<b>Total cost of plant &amp; machinery</b>		<b>4,604.44</b>

Details of machineries for which orders have been placed but the machineries are yet to be received:

Sr. Numbers	Name of the Supplier	Description	Date of Placement of order	Expected Date of Delivery	Qty	Price per Unit in Rs.	Amount in Rs. Lac
1	Elecon Engineering Co. Limited	Rotary Kiln & Cooler Drive System	September 02, 2009	March 2010	1	91.00	91.00
	<b>Total</b>						<b>91.00</b>
	Excise Duty @ 8.24%						7.50
	Central sales Tax @ 2.00%						1.97
	<b>Freight etc.</b>						10.05
	<b>Total (A)</b>						<b>110.52</b>
				Part Delivery Recd and expected to be completed till			
2	Hari Machines Limited	Complete Kiln & Cooler Assembly	September 08, 2008	February 2010	1	875.00	875.00
	<b>Total</b>						<b>875.00</b>
	Excise Duty @ 8.24%						72.10
	Central sales Tax @ 2.00%						18.94
	<b>Freight etc.</b>						96.60
	<b>Total (B)</b>						<b>1062.64</b>
3.	Management Estimates	Steel Fabrications for erecting and commissioning of machinery		March, 2010		Lump Sum	152.48
	<b>Total (C)</b>						<b>152.48</b>
	<b>Grand Total</b>						<b>1,325.64</b>

Our Company proposes to purchase the following machineries and equipments worth Rs. 3,278.80 lac as per the quotations received from Industrial Technical Consultant:

Sr. Numbers	Particulars	Qty./sets	Price per Unit in Rs.	Amount in Rs. Lac
<b>Mechanical Items</b>				
<b>A</b>	Kiln feed tube	1	7.82	7.82
	Air injection tube	10	4.95	49.50
	C. B. Pipe	2	3.82	7.64
	Coal injection pipe	2	0.50	1.01
	Swirller for C. B. Pipe	6	0.08	0.48
	Swirller for air tube	5	0.08	0.40
	Thermowells	11	0.12	1.27
<b>Sub total</b>				<b>68.11</b>
<b>B</b>	Hydraulic system for stack cap	1	1.75	1.75
	Hydraulic system for kiln	1	1.60	1.60
	Hydraulic system for transfer chute	1	1.03	1.03
	Pneumatic cylinder for kiln	20	0.66	13.20
	Pneumatic cylinder for cooler	16	0.61	9.68
	Frl unit	5	0.02	0.12
	Kiln inlet greasing system (elect)	1	1.05	1.05
	Kiln outlet greasing system (elect)	1	1.05	1.05
	Cooler inlet greasing system (elect)	1	1.05	1.05
	Cooler outlet greasing system (elect)	1	1.05	1.05
	Greasing system for kiln girth gear	1	1.75	1.75
	Greasing system for cooler girth gear	1	1.75	1.75
	Oil injection pump	2	1.50	3.00
<b>Sub total</b>				<b>38.08</b>
<b>C</b>	Shell Air Fans	10	1.13	11.31
	C. B. Fan	2	3.87	7.75
	Nose cooling fans	3	2.16	6.47
	Sealing fan	1	1.01	3.03
	A. B. C. Fan	3	0.62	0.62
<b>Sub total</b>				<b>29.18</b>
<b>D</b>	Butterfly dampers			
	Dia 400 mm	15	0.05	0.68
	Dia 250 mm	3	0.03	0.10
	Dia 200 mm	1	0.03	0.03
<b>Sub total</b>				<b>0.80</b>
<b>E</b>	Vibro feeder for coal ground hopper	1	1.78	1.78
	Primary coal screen, double deck 60/20 mm	1	6.81	6.81
	Secondary coal screen, double deck 30/20 mm	1	6.47	6.47
	Fines coal screen, flip flop 20/5	1	10.65	10.65
	Primary iron ore jaw crusher	1	12.80	12.80

	Vibro feeder for iron ore ground hopper	1	1.78	1.78
	Vibro feeder above primary coal crusher	1	1.78	1.78
	Vibro feeder above sec. Coal crusher	1	1.78	1.78
	Double roll coal crusher, primary	1	17.20	17.20
	Double roll coal crusher, secondary	1	9.25	9.25
	Vibro-screen iron ore (primary)	1	4.15	4.15
	Vibro-screen (prod.sep.bin) mogensen	1	7.90	7.90
	Dolomite vibro feeder	1	1.78	1.78
	<b>Sub total</b>			<b>84.13</b>
<b>F</b>	Tramp iron magnet 1000 mm belt width	1	2.15	2.15
	Tramp iron magnet 800 mm belt width	1	2.00	2.00
	Tramp iron magnet 500 mm belt width	1	2.15	2.15
	Magnetic separator for lumps & char	1	12.1	12.10
	Magnetic separator for fines & char	1	8.5	8.50
	<b>Sub total</b>			<b>26.90</b>
<b>G</b>	Idlers ,pulleys & all conveyor			
	Gear boxes for conveyors			
	Belt conveyor	1 set	1 set	171.97
	<b>Sub total</b>			<b>171.97</b>
<b>H</b>	Utility pumps	2	0.41	0.83
	Hot well pump	2	1.21	2.42
	Cold well pump	2	1.21	2.42
	A. B. C. pump	2	1.05	2.10
	G. C. T water pump	2	2.09	4.18
	De-watering pumps	3	0.20	0.60
	<b>Sub total</b>			<b>12.55</b>
<b>I</b>	Cooling tower (2 cells)	1	6.30	6.30
	<b>Sub total</b>			<b>6.30</b>
<b>J</b>	Electro-static precipitator (e.s.p.)	1	127.00	127.00
	<b>Sub total</b>			<b>127.00</b>
<b>K</b>	Bag filter product hopper including fan	1		
	Bag filter for C.D building including fan	1		
	Bag filter for coal circuit including fan	1		
	Bag filter for iron ore circuit including fan	1		
	Bag filter for injectors coal circuit with fan	1		
	I. D. Fan	1		
	Wet scrapper below DSC	1		
	Wet scrapper below GCT	1		
	Ash handling system	1	1 set'	237.00
	<b>Sub total</b>			<b>237.00</b>
<b>L</b>	Lobe compressors	2	2.75	5.50
	<b>Sub total</b>			<b>5.50</b>
<b>M</b>	Kiln slip seal segments	4	3.71	14.82
	Cooler slip seal segments	4	2.29	9.16

<b>Sub total</b>				<b>23.98</b>
<b>N</b>	Air compressor	2	5.95	11.90
	Air dryer	1	2.30	2.30
	Air receiver	2	0.77	1.54
<b>Sub total</b>				<b>15.74</b>
<b>O</b>	Lab equipments	1	40.85	40.85
<b>Sub total</b>				<b>40.85</b>
<b>P</b>	Steel for site fabrication	2500	0.35	875.00
<b>Sub total</b>				<b>875.00</b>
<b>S</b>	Gas conditioning tower	1	97.40	97.40
<b>Sub total</b>				<b>97.40</b>
<b>T</b>	ABC water gun	10	0.50	4.97
	Coal injector	2	1.45	2.91
	Water spray nozzles	10	0.30	3.00
<b>Sub total</b>				<b>10.87</b>
<b>U</b>	Hopper / belt weighing systems	2	1.50	3.00
<b>Sub total</b>				<b>3.00</b>
<b>V</b>	Nut, bolts, piping, lubricants & valves	1	25.00	25.00
<b>Sub total</b>				<b>25.00</b>
<b>W</b>	Weigh feeders	6		24.25
<b>Sub total</b>				<b>24.25</b>
<b>Total</b>				<b>1923.60</b>
<b>Castable Items</b>				
<b>X</b>	Castable Items, SS Anchors and other Applications	1	351.22	351.22
<b>Sub total</b>				<b>351.22</b>
<b>Total</b>				<b>351.22</b>
<b>Electrical items</b>				
<b>Y</b>	HT and LT cables			
	Pcc panel glands lugs			
	Plc/dcs			
	Instrumentation			
	Lighting			
	Motors			
	Dc and ac drives			
	Lt capacitor panel			
	Ups 7.5 kva	1 set	395.00	395.00
<b>Sub total</b>				<b>395.00</b>
<b>Z</b>	Transformer 3000 kva - 11 kv / 440 v	1	30.00	30.00
<b>Sub total</b>				<b>30.00</b>
<b>Total</b>				<b>425.00</b>
<b>Grand Total</b>				<b>2,699.82</b>
Excise Duty @ 8.24%				222.47
Central sales Tax @ 2.00%				58.45
Packing, Freight & Erection @ 10%				298.07
<b>Grand Total</b>				<b>3,278.80</b>

### 3) Setting up a Mild Steel Billets manufacturing at Sahjanwa, Gorakhpur, Uttar Pradesh

The Mild Steel Billets manufacturing facility with a capacity of 162,380 MTPA has commenced commercial operations from May 11, 2009.

Our Company has utilized Rs. 4,169.98 lac to set up the M. S. Billets manufacturing unit including the Steel Melt Shop and Continues Casting Machines. For further information of our M. S. Billets manufacturing unit and the benefits accruing therefrom, please refer to the chapter titled “Our Business” beginning on page number 111 of the Draft Prospectus.

The break up of cost incurred is as follows:

#### PROJECT COST

(Rs. In Lacs)

Sr. Numbers	Particulars	Amount
(a)	Civil Work and Buildings	1,430.09
(b)	Plant and Machinery	2,739.89
	<b>Total Cost of Project</b>	<b>4,169.98</b>

#### a) Civil Work and Buildings

The actual cost incurred on civil construction & buildings is Rs.1,430.09 Lacs.

The facilities included are factory buildings for main plant and equipment, auxiliary services, billet sheds, etc.

The break-up of cost incurred for construction of factory building as per the valuation report of C. B. Tripathi and Associates is as given below:

Sr. Numbers	Name of Building	Type of Construction	Area	Unit	Rate per Unit In Rs.	Total Cost Rs. in Lacs
		Steel used in SMS shed	599110.31	Kg	75.40	451.73
		AC sheet used in shed	10626.00	Sq. M.	25.00	22.84
		RCC work in pile	1876.10	Cu. M	6,355.00	119.23
		M. S. Iron work used in RCC work	2208.99	Qtl	4,305.00	95.10
		Earth work excavation in piles	589.56	Cu. M.	52.00	0.31
		Brick work in Reuter Valve	76.20	Cu. M.	2,672.00	2.04
		Earth filling in SMS shed	3187.00	Cu. M.	150.00	4.78
		PCC in SMS shed	591.89	Cu. M.	3,348.00	19.81
		RCC in SMS shed for Trimex				20.37
1.	SMS Shed	Flooring	3542.89	Sq. M.	575.00	
2.	Billet Shed	Steel used in SMS shed	237770.30.	Kg.	75.40	179.27
		AC sheet used in shed	4224.00	Sq. M.	215.00	9.08
		RCC work in pile	218.43	Cu. M.	6,355.00	13.88
		M. S. iron Work used in RCC work	257.20	Qtl	4,305.00	11.07

		Earth work excavation in piles	276.00	Cu. M	52.00	0.14
		Brick work in Reuter Valve	38.64	Cu. M.	2,672.00	1.03
		Earth filling in Billet shed	2520.60	Cu. M.	150.00	3.78
						58.14
3.	Induction Furnace	Ground Floor	456.00	Sq. M.	12,751.00	
	CCM/ Electric/ Control/ Hydraulic Room	Ground Floor	164.45	Sq. M.	10,184.00	16.74
4.	Room	First Floor	130.00	Sq. M.	9,166.00	11.91
5.	Workshop	Shed	468.80	Sq. M.	4,872.00	22.84
	Continues Casting Machine (CCM), Billet Cooling Bed					30.32
6.	Foundation	RCC work in pile	478.64	Cu. M.	6,335.00	
		M. S. iron Work used in RCC work	751.46	Qtl	4,305.00	32.35
7.	SMS Water Tank	It is Fully RCC framed structure having foundation 2.3 mt below water tank. The bottom of storage tank is double reinforced RCC slab having thickness of 0.15 mt. The side walls are also RCC having thickness of 0.25 mt. On top sab is also except cooling tower area. The ht. of storage tank is 3.00 mt. (Size 29.125 x 12.20 x 3.00 mt)	1065.98	Cu. M.	13,200.00	140.71
8.	CCM Scale Pit	It is surface water tank,existing adjacent to Billet shed. The side walls are also RCC having thickness of 0.25 mt. The ht. of storage tank is 4.80 mt (Size 14.00 x 7.5 x 4.80 mt )	504.00	Cu. M.	9,875.00	59.72
9.	RCC Over Head Reservoir Tank	The over head reservoir tank is RCC famed structure. The height of the storage tank above ground level is about 31.00 mt. The dia of storage tank is 5.50 mt. There are 6 nos. of 400 mm dia columns & 5 nos of bracing at every interval of 3.8 mt except 1 <sup>st</sup> bracing i.e. 2.5 mt are provided. The storage capacity of tank is 250 kl.	142.48	Cu. M	Rs.30,725.00	43.78
10.	Induction Furnace (IF) transformer	The transformer foundation is RCC framed. Transformer stays on 2.5 x 2.5 mt	2.00			

	foundations	platform. Out side of platform a cavity of 0.5 mt is left for storage of leaked transformer oil. The side walls are RCC. (Size 3.90 x 3.90 x 2.35 mt )		Nos	5,50,000	11.00
11.	Water pump foundation	It is existing in workshop. This is RCC heavy foundation for pump motors. There are different types of foundation are existing whose details are as under				
		( Size 1.5 x 0.6 x 1.25 )	9.00	Nos	45,000.00	4.05
		( Size 2.0 x 0.7 x 1.25 )	6.00	Nos	60,000.00	3.60
		( Size 2.6 x 0.85 x 1.25 )	5.00	Nos	85,000.00	4.25
12.	Double St. control room building	It is existing in work shop.				
		Ground Floor	87.50	Sq. M	10,184.00	8.91
		First Floor	87.50	Sq. M	9,166.00	8.02
13.	Laddle Tank foundation	Size 2.75 x 3.00 x 2.30 mt )	18.97	Cu. M	9,187.00	1.74
14.	Laddle Pre Heater foundation	Size 3.10 x 5.20 x 3.45 mt )	55.61	Cu. M	9,187.00	5.11
15.	Scale pump foundation	Size 2.50 x 5.00 x 0.3 mt )	3.75	Cu. M	9,187.00	0.34
16.	Other Miscellaneous items	Other miscellaneous items done in foundation of CCM, Billet, cooling bed, water pump, ladle, pre heater as well as tiles flooring, false ceiling in control panel building viz. bolder, PCC, brick wall, earth work excavation, brick soiling / flooring etc.				22.00
<b>Total</b>					<b>1430.09</b>	

### c) Plant and Machinery

Our Company has already purchased and installed the following plant, machinery & equipments and the commercial production in the unit commenced from May 11, 2009 by investing Rs. 2,739.89 lacs.

The break up of the total cost of plant, machinery and equipments is as mentioned below:

Sr. Numbers	Name of Equipment	Numbers of Units	Make	Rate per Unit in Rs.	Cost of acquisition*	Capacity	Age of Machinery
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	Steel Melt Shop with a capacity of 162380 MTA includes under noted Plant Machinery & equipments.				162380 MTA	Installed on May 11, 2009
1	6000KW/15000 kg induction melting furnace	3	Electrotherm India Ltd	438.47	1315.42	20 yrs
2	Closed Loop Water Cooling system and Cooling Tower.	1	North Street Cooling Tower Pvt Ltd	71.59	71.59	20 yrs
3	Water circulating Pumps fitted with Motors with Standby Pumps.	15	Mather & Platt	1.19	17.90	20 yrs
4	Pipeline fittings, vales, elbows, tees, strainers etc.	1	Site Fabrication	71.59	71.59	20 yrs
5	DM palnt up-flow type, Plate type Heat Exchanger Assembly for furnace coil cooling (Set).	1	NorthStreet Cooling Tower Private Limited	23.86	23.86	20 yrs
6	E.O.T. Cranes (as under)					
	63 T	1	Federal Engineers	122.29	122.29	20 yrs
	40 T	1	Federal Engineers	78.74	74.74	20 yrs
	10 T	2	Globe Engineering	35.80	71.60	
7	Magnet	3	Lift Master Magnet Works	11.93	35.79	20 yrs
8	Ladle 15 M.T. capacity	6	Steel Tech Engineering Co.	5.97	35.79	20 yrs
9	Continuous billet casting machine twin strand 6/11 radius equipped to cast 160 mm sq.Structurals, Ladel operating, base plates & Cooling bed for CCM	1	Concast (India) Limited	346.02	346.02	20 yrs
10	Refractories	1	Orient Abrasives Ltd	23.86	23.86	
11	Lab Equipments, Temperature instrument, measuring instrument etc.	1	Govind Machine	35.79	35.79	20 yrs
12	Charging Skips, Tendla, Spoons,	1	Site Fabrication	42.95	42.95	20 yrs



	Laddle Slag Box					
13	Pollution Control Equipments	1	Site Fabrication	35.79	35.79	20 yrs
14	Steel Fabrication Cranes erection, Crane gantry fabrication, IF installation, IF crucible installation frame	1	Site Fabrication	119.32	119.32	20 yrs
15	Workshop Equipment, Tools and Tackles, Compressor etc.	1	Aircon Engineers	17.90	17.90	20 yrs
16	Furnace Transformer 11Kv/1000 V / 6000 KVA	1	Madhya Pradesh Transformers	44.21	44.21	20 yrs
17	Furnace Transformer 11Kv/1000 V / 6500 KVA	2	Madhya Pradesh Transformers	49.12	98.24	20 yrs
18	Auxiliary Transformer 1000 KVA, 11KV/415V	1	Madhya Pradesh Transformers	11.93	11.93	20 yrs
19	Bus bar from furnace Transformer to M.F. Generator and ducting.	1	Electrotherm India Ltd	17.90	17.90	20 yrs
20	LT Cable , Control Panel, Auxiliary Load Distribution System, Cable Tray etc.	1	Asian Swith Gears	101.41	101.41	20 yrs
<b>Total</b>				<b>2,739.89</b>		

\* Cost of acquisition includes taxes and all incidental expenses.

#### 4) Setting up of a Re-Rolled Products manufacturing unit at Sahjanwa, Gorakhpur, Uttar Pradesh

The Re-rolled Bar manufacturing facility with a capacity of 167,400 MTPA has commenced commercial operations from May 11, 2009.

The total cost to set-up the Re-rolled products manufacturing unit is Rs. 5,148.20 lac of which, our Company has incurred Rs. 3,378.36 lac as on date for setting up the Re-rolled Bar manufacturing unit. Further our Company proposes to install a Re-rolled Structure mill which will provide multi products like channel, angles, strips, etc in addition to the Re-rolled Bars which will help us to widen our Company's product portfolio.

For further information of our Re-rolled products manufacturing unit and the benefits accruing therefrom, please refer to the chapter titled "Our Business" beginning on page number 111 of this Draft Prospectus.

The break up of cost is as under:

#### PROJECT COST

(Rs. In Lacs)

Sr.	Particulars	Amount
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Numbers		
(a)	Civil Work and Building	967.75
(b)	Plant and Machinery	3825.45
<b>Total Cost of Project</b>		<b>4,793.20</b>

**a) Civil Work and Building**

The cost incurred for civil construction & buildings in the project is Rs.967.75 Lacs.

The facilities included are factory buildings for main plant and equipment, auxiliary services, etc.

Sr. Numbers	Name of Building	Type of Construction	Area	Unit	Rate per Unit in Rs.	Total Cost
1.	Rolling Mill Shed	Steel used in Rolling mill shed	258511.31	Kg.	75.40	194.92
		AC sheet used in shed	5208.00	Sq.M	215.00	11.20
		RCC work in foundation	330.23	Cu.M	6,355.00	20.99
		M.S.iron Work used in RCC work	388.84	Qtl	4,305.00	16.74
		Earth work excavation in piles	290.50	Cu.M	52.00	0.15
		Brick work in Retur Valve	47.98	Cu.M	2,672.00	1.28
		Earth filling in rolling mill shed	2790.00	Cu.M	150.00	4.18
		PCC in rolling mill shed	465.00	Cu.M	3,348.00	15.57
		RCC in rolling mill shed for Trimex Flooring	3137.20	Sq.M	575.00	18.04
2.	Cooling Bed Shed	Steel used in Cooling shed	87506.01	Kg	75.40	65.98
		AC sheet used in shed	3120.00	Sq.M	215.00	6.71
		RCC work foundation	142.06	Cu.M	6,355.00	9.03
		M.S.iron Work used in RCC work	167.27	Qtl	4,305.00	7.20
		Earth work excavation in piles	561.50	Cu.M	52.00	0.29
		Brick work in Reuter Valve	33.80	Cu.M	2,672.00	0.90
		Earth filling in shed	1800.00	Cu.M	150.00	2.70
		PCC in cooling bed shed	26.92.	Cu.M	3,348.00	0.90
3.	Reheating Furnace Shed	Steel used in Reheating furnace shed	51715.81	Kg	75.40	38.99

		AC sheet used in shed	1640.40	Sq.M	215.00	3.53
		RCC work foundation	136.03	Cu.M	6,355.00	8.64
		M.S.iron Work used in RCC work	160.18	Qtl	4,305.00	6.89
		Earth work excavation in piles	143.00	Cu.M	52.00	0.07
		Brick work in Reuter Valve	22.54	Cu.M	2,672.00	0.60
		Earth filling in furnace	760.28	Cu.M	150.00	1.14
		Brick Soiling in shed	783.00	Sq.M	430.00	3.37
		Ground floor	113.50	Sq.M	10,184.00	11.56
4.	Panel Room	First floor	46.06	Sq.M	9,166.00	4.22
5.	Lab	Ground floor	27.60	Sq.M	10,184.00	2.81
6.	DC Panel Room	Ground floor	76.50	Sq.M	10,184.00	7.79
7.	Pusher Foundation	RCC work in pile	519.43	Cu.M	6,355.00	33.01
		M. S. iron Work used in RCC work	815.50	Qtl	4,305.00	35.11
8.	Additional Items					
	Mill Water Tank	It is Fully RCC framed structure The side walls are RCC having thickness of 0.25 mt. The ht. of storage tank is 4.50 mt. (Size 23.55 x 6.45 x 4.5 mt)	683.54	Cu.M	11,850.00	80.99
	TMT Water Tank	It is water tank, existing near rolling mill shed. The side walls are RCC having thickness of 0.25 mt. The ht. of storage tank is 3.50 mt (Size 19.00 x 10.50 x 3.50 mt)	698.25	Cu.M	11,850.00	82.74
	TMT Pump House Water Tank	It is water tank, existing adjacent to TMT water tank. The side walls are RCC having thickness of 0.25 mt. The ht. of storage tank is 3.50 mt (Size 12.70 x 4.25 x 3.50 mt )	188.12	Cu.M	11,850.00	22.29
	Chimney Foundation	It is existing near reheating furnace. The dia of furnace foundation is 7.00 mt. having depth of 6.00 mt.	Lump Sum			9.65
	460 mm PCD Mill	The depth of foundation is 4.00 mt. (size 14.00 x				

stand foundation	5.00 x 4.00 )	70.00	Sq.M	21,350.00	14.95
300 mm + 290 mm PCD Mill stand foundation	The depth of foundation is 2.70 mt. (size 21.00 x 4.50 x 2.70 )	94.50	Sq.M	21,350.00	20.18
360 mm PCD Mill stand foundation	The depth of foundation is 3.40 mt. (size 10.00 x 4.50 x 3.40 x 2 nos.)	90.00	Sq.M	21,350.00	19.22
290 mm PCD Mill stand foundation 2 stand	The depth of foundation is 2.70 mt. (size 7.00 x 5.00 x 2.70 )	35.00	Sq.M	21,350.00	7.47
260 mm PCD Mill stand foundation 2 stand	The depth of foundation is 2.80 mt. (size 7.00 x 4.80 x 2.80 x 2 nos.)	67.20	Sq.M	21,350.00	14.35
Gasifier Foundation	Size 5.7 x 6.20	35.34	Sq.M	21,350.00	7.55
TMT pump house foundation	The size of shed is 12.70 x 4.25	53.98	Sq.M	3,500.00	1.89
Transformer foundation 2 nos.	The size of foundation of is 2.4 x 2.4 x 2 nos	11.52	Sq.M	5,00,000.00	10.00
Y table foundation	Size 18.35 x 3.00 + 11.40 x 3	88.20	Sq.M	21,350.00	19.04
Lube Tank	3 nos. Size 4.3 x 3.5 x 2.4 2.8 x 3.0 x 2.3 3.5 x 3.1 x 2.3	80.40	Cu.M	9,875.00	7.94
Repeater Loop tray	Size 16.00 x 8.50 mt x 1.5 )	204.00	Cu.M	9,875.00	20.15
Cable Trench	The size of RCC cabil trench is 0.50 x 0.75 & 1.00 x 1.50 having length 78 + 102 = 180 mt. The size of RB cable trench is 0.50 x 0.50 & 0.30 x 0.30 having length of 40 + 78 = 118.00 mt	298	Mtr	3,780 .00	11.26
Water Trench	The size of RCC cabil trench is 1.00 x 1.25 & 0.50 x 0.50 having length 96 + 25 = 121mt.	121	Mtr	3,000.00	3.63
Pinch Roll	The size is 2.50 x 0.90 having depth of 2.5 mt.	1.845	Sq.M	21,350.00	0.39
Rotary Share	The size is 1.60 x 1.00 having depth of 2.7 mt.	1.60	Sq.M	21,350.00	0.34
F.O. Oil	The size is tank is 5.5	Lump Sum			1.50

Tank	mt dia						
Service Tank	The size is tank is 2.5 mt dia	Lump Sum				1.00	
Cold Share	The size is 3.40 x 2.12 having depth of 2.0 mt.	7.208	Sq.M	21,350.00		1.54	
Tail Breaker	The size is 3.60 x 1.94	6.984	Sq.M	21,350.00		1.49	
Pinch Roll & flying Share	The size is 3.50 x 1.20 3.50 x 1.84	10.64	Sq.M	21,350.00		2.27	
TMT Box foundation	(size 12.50 x 3 )	37.50	Sq.M	21,350.00		8.01	
Cooling Bed foundation	Size 78 x 7.0 mt having average depth of 2.25mt	546.00	Sq.M	10,750.00		58.75	
Scale Pit	Size 1.9 x 3.8 having depth of 2.2 mt	15.88	Sq.M	21,350.00		3.39	
Cooling bed power pack foundation	The size of foundation of is 2.25 x 2.60 having depth of 1.5 mt	5.85	Sq.M	21,350.00		1.25	
<b>Grand Total</b>						<b>967.75</b>	

**Plant and Machinery**

Our Company intends to

setup a rolling product manufacturing facility which would require indigenous machinery.

Our company has incurred Rs. 2,410.61 lacs to purchase the plant and machinery, its installation and commissioning. The cost of machinery for the setup is as follows:

Sr. Numbers	Name of Equipment	Numbers of Units	Make	Rate per unit	Total Cost*	Capacity	Age of Machinery
						<b>167400 MTPA</b>	<b>Installed on May 11, 2009</b>
1	Roughing Stands	1	Nav Bharat Engineering	65.46	65.46		20 yrs
2	Intermediate Stands	1	DGN Industries	57.28	57.28		20 yrs
3	Finishing Mill Stands	1	Nav Bharat Engineering	40.91	40.91		20 yrs
4	High Speed Flywheel Unit	1	DGN Industries	10.91	10.91		20 yrs
5	Gear Box and pinion stands for complete mill	1	Shanthi Gears Private Limited	272.75	272.75		20 yrs
6	C.I. Couplings	1	Site Fabrication	10.91	10.91		20 yrs
7	Adopters	1	Asian Swith Gears	6.55	6.55		20 yrs
8	Bearings for complete mill	1	NSK Sales India Private Limited	32.73	32.73		20 yrs
9	Spindles and carbon shaft	1	RC Forge & Kisan Steels	17.46	17.46		20 yrs
10	Rolls	1	Prabhat Heavy	76.37	76.37		20 yrs

			Forge Private Limited			
11	Lubrication unit	1	Metfab Engineers Site	8.73	8.73	20 yrs
12	Guiding Equipments	1	Fabrication	5.45	5.45	20 yrs
13	Bearing Chocks	1	Hindustan Abrasive	10.91	10.91	20 yrs
14	Compressor	2	ELGI Equipments Limited	7.64	15.27	20 yrs
15	Sparkonix Machine	1	Sparkonix India Private Limited	32.73	32.73	20 yrs
16	Rotary Shear	2	DGN Industries	1.91	3.82	20 yrs
17	Pinch Roll	3	Nav Bharat Engineering	1.67	5.00	20 yrs
18	Water pumps	1	Mather & Platt	5.45	5.45	20 yrs
19	C.I. Funnel	1	Vikas Iron & Steel Company	2.18	2.18	20 yrs
20	Universal couplings	38	Site Fabrication	0.27	10.29	20 yrs
21	Repeaters	1	Site Fabrication	10.91	10.91	20 yrs
22	Roller Tables and Y-table	1	Site Fabrication	81.82	81.82	20 yrs
23	EOT Crane 10 MT Capacity	1	Globe Engineering Co.	32.73	32.73	20 yrs
24	Crane gantry and Bus bar	1	Site Fabrication	65.46	65.46	20 yrs
25	Lab Equipment	1	Govind Machines	21.82	21.82	20 yrs
26	Bed Plates for Pinion Stand, Mill Stand and motors	1	Nav Bharat Engineering	43.64	43.64	20 yrs
27	Water circulation system	1	North Street Cooling Tower Private Limited	27.27	27.27	20 yrs
28	Refractories	1	ACE Calderys Limited	54.55	54.55	20 yrs
29	Pusher and injector	1	Site Fabrication	27.27	27.27	20 yrs
30	Blower, ID fan, burners and heating pumping unit	1	Continental Thermal Engineers	16.37	16.37	20 yrs
31	Steel supporting structure, billet charging table	1	Site Fabrication	81.82	81.82	20 yrs
32	Twin Channel with hydraulic power pack	1	New Super Engineers	36.01	36.01	20 yrs

33	Run out roller Table	1	Site Fabrication	27.27	27.27	20 yrs
34	Cold Shear	1	Hindustan Abrasive	16.37	16.37	20 yrs
35	Cooling bed structure	1	Site Fabrication	163.66	163.66	20 yrs
36	W-channel	1	Vikas Iron & Steel Company	6.55	6.55	20 yrs
37	T.M.T. Line	1	Nav Bharat Engineering Works	163.66	163.66	20 yrs
38	Gasifier	1	Radhey Renewable Energy Development Private Limited	190.93	190.93	20 yrs
39	Workshop Machinery	1	Alfa Machinery Makers	54.55	54.55	20 yrs
40	Furnace Oil Storage Station	1	Site Fabrication	54.55	54.55	20 yrs
41	Steel fabrication for Rolling Mill Machinery & TMT Line	1	Site Fabrication	81.82	81.82	20 yrs
42	Pollution Equipment (Chimney, Wet Scrubber etc)	1	Site Fabrication	27.27	27.27	20 yrs
43	1500 HP AC Motor	2	Kirloskar Electric Co. Limited	30.69	61.37	20 yrs
44	1000 HP AC Motor	1	Kirloskar Electric Co. Limited	20.46	20.46	20 yrs
45	450 KW DC Motor	2	Kirloskar Electric Co. Limited	9.21	18.41	20 yrs
46	250 KW DC Motor and Other Motors for all auxilliary equipments	8	Kirloskar Electric Co. Limited	7.93	63.42	20 yrs
47	Main A.C.Panels, DC Panels, Sub/starter panels	1	Asian Switch Gears	81.82	81.82	20 yrs
48	Cables	1	Havels	54.55	54.55	20 yrs
49	Cable tray	1	Site Fabrication	16.37	16.37	20 yrs
50	Liquid Rotor Starter	1	Enterprising Engineers	2.18	2.18	20 yrs
51	Automatic Power factor control equipments with Panel	1	Metfabe Engineers	21.82	21.82	20 yrs

52	Transformer 3000 KVA/11 KV/440	1	Swastik Industries	65.46	65.46	20 yrs
53	Transformer 2500 KVA 11 KV / 440V	1	Swastik Industries	27.27	27.27	20 yrs
<b>Total</b>				<b>2,410.61</b>		

\* Cost of acquisition includes taxes and all incidental expenses.

Further, our Company intends to setup a Re-rolled Structure mill by investing Rs. 1,414.84 lac to install the following plant, machinery & equipments:

Sr. Numbers	Name of the Supplier	Description	Date of quotation	Quantity	Price per Unit in Rs.	Amount Rs. in Lac
1.	Akal Sahae Engineers		October 24, 2009			
		Complete Mill Stands		1	125	125
		High Speed Flywheel Unit		3	10	30
		Gear Box and pinion stands for complete mill		1	200	200
		C.I. Couplings		1	10	10
		Adopters		60	0.1	6
		Spindles and couplings		60	0.5	30
		Rolls		1	50	50
		Lubrication unit		1	25	25
		Guiding Equipments		1	5	5
		Compressor		2	7	14
		Roller Tables, sprockets and diamond chain		1	125	125
		EOT Crane 10 MT Capacity		2	15	30
		Crane gantry and Bus bar Steel Fabrication		1	40	40
		Bed Plates for Pinion Stand, Mill Stand and motors		1	30	30
		Water circulation system, pumps etc.		1	25	25
		Roller Table		2	15	30
		Cold Shear		1	15	15
		Cooling bed structure		1	100	100
		Steel fabrication for Mill Machinery		1	75	75
		Motors		1	100	100
		Panels & Starters		1	50	50
		Cables		1	30	30
		Cable tray		1	10	10
		Consultancy Charges			10	10
<b>Total</b>						<b>1,165.00</b>
Excise Duty @ 8.24%						95.97
Central sales Tax @ 2.00%						25.22
Freight, Packing and						128.65



Erection @ 10.00%	
<b>Grand Total</b>	<b>1,414.84</b>

#### 6) Setting up of captive power plant at Sahjanwa, Gorakhpur, Uttar Pradesh

Our Company intends to utilize Rs. 6,770.80 lac to set up 16 MW Captive Power Plant. For further information on our Captive Power Plant and the benefits accruing therefrom, please refer to the chapter titled “Our Business” beginning on page number 111 of this Draft Prospectus.

The break up of cost to be incurred is as follows:

#### PROJECT COST

		(Rs. In Lacs)
Sr. No.	Particulars	Amount
(a)	Civil Work and Building	750.00
(b)	Plant and Machinery	6,020.80
	<b>Total Cost of Project</b>	<b>6,770.80</b>

#### a) Civil Work and Building

The estimated cost of civil construction & buildings has been worked out on the basis of preliminary layout and facilities envisaged in the project that comes to Rs.750.00 Lacs.

The facilities included in the estimates are factory buildings for main plant and equipment, auxiliary services, coal storage shed, etc.

The break-up of cost to be incurred for construction of factory building is as given below:

Sr. Numbers	Name of Building	Type of Construction	Area	Unit	Rate In (Rs.)	Total Cost (Rs. in Lac)
1.	Civil Work and Building	Main power house, Boiler area, Transformer foundation, Cable trenches, including flooring painting, water reservoir, RCC Chimney.				600.00*
2.	Coal Storage Shed					150.00
	<b>Total</b>					<b>750.00</b>

\* As per the estimates received from Thermax Limited (Power Division) dated November 05, 2009.

#### c) Plant and Machinery

The following plant and machinery would be required to setup the proposed Captive Power Plant:

Sr. Numbers	Name of the Supplier	Description	Date of quotation	Quantity	Unit Price	Amount Rs. in Lac
1.	Thermax Limited (Power Division)	Captive Power Plant (Design, Engineering, Procurement, Supply, Erection and	November 05, 2009	1	5,000	5,000.00

commissioning of 1 * 16 MW Captive Power Plant. As per the scope indicated in the Technical Proposal Numbers POWER/GIP/02 Rev 0., Date November 05, 2009)	
<b>Total</b>	<b>5,000.00</b>
Excise Duty @ 8.24%	412.00
Central sales Tax @ 2.00%	108.24
Transportation and erection	500.56
<b>Grand Total</b>	<b>6020.80</b>

#### 6) Setting up of a Flour Mill at Sahjanwa, Gorakhpur, Uttar Pradesh

Our Company proposes to set up the Flour Mill unit with a capacity of 180,000 MTPA of which the commercial production for 108,000 MTPA commenced commercial operations from March 04, 2009.

The proposed cost of the project is Rs. 2,442.89 lac of which, our Company has utilized Rs. 1,825.05 lac to set up the Flour Mill with a capacity of 108,000 MTPA. Further, we propose to enhance the capacity by 72,000 MTPA by September, 2010. For further information on our Flour Mill unit and the benefits accruing therefrom, please refer to the chapter titled "Our Business" beginning on page number 111 of this Draft Prospectus.

The break up of cost for our Flour Mill unit is as follows:

#### PROJECT COST

(Rs. In Lacs)

Sr. Numbers	Particulars	Amount
(a)	Civil Work and Building	761.45
(b)	Plant and Machinery	1,681.44
	<b>Total Cost of Project</b>	<b>2,442.89</b>

#### a) Civil Work and Building

The actual cost incurred on civil construction & buildings is Rs.761.45 lac. The facilities included in the estimates are factory buildings for main plant and equipment, auxiliary services, godowns, workshops, etc.

Sr. Numbers	Name of Building	Type of Construction	Area	Unit	Rate per unit in Rs.	Total Rs. in Lac
1.	Main Building	Ground floor	680.00	Sq. M.	13.66 4.00	92.92
		First floor	680.00	Sq. M.	10.93 1.00	74.33
		Second floor	680.00	Sq. M.	12.46 6.00	84.77
		Third floor	680.00	Sq. M.	12.10 0.00	82.28
		Fourth floor	680.00	Sq. M.	12.70 5.00	86.39

2.	Bardana Godown	Ground floor	225.70	Sq. M.	6,726.00	15.18
3.	Office / Workshop	Ground floor	110.16	Sq. M.	5,954.00	6.56
4.	Finished Material Godown	Shed	170.00	Sq. M.	6,726.00	114.61
5.	Raw Material Godown	Shed	160.76	Sq. M.	6,726.00	107.73
		RCC water Over Head Tank above Bin house	1,50,000	Cu. M	6,510.00	22.50
		Tube well boring 150 mt (8" x 6") including boring of pipes & shoes, gravel packing & cleaning of water with all material & labour complete in all respect		Run ning Mt	6,380.00	9.57
		Drive way & street lighting		Lu mp Su m		10.00
		Parapet wall at terrace 108.46 mt.		Lu mp Su m		4.50
		Machine Foundation (size 1.5x1.5x 2.0mt)	4		3,65,000.00	14.60
		Aluminum glazing/Elevation work				10.00
		Miscellaneous Shuttering Work				0.31
6.	Miscellaneous	Pre-operative expenses capitalized				25.20
		<b>Total</b>				<b>761.45</b>

### c) Plant and Machinery

Our Company has already purchased and installed the following plant, machinery & equipments and the commercial production in the unit commenced from March 04, 2009 by investing Rs. 1,063.60 lac.

The break up of the total cost of plant, machinery and equipments purchased and installed is as follows:

Sr. Numbers	Name of Equipment	Numbers of Units	Manufacturer	Rate of Acquisition per Unit	Total Cost of Acquisition	Capacity	Age of Machinery
A.	Flour Mill Unit with a capacity of 108,000 MTA includes the under noted Plant Machinery & equipments.					108,000 MTA	20 yrs

1	Chain Conveyor	1	Eminence Equipment	96.14	96.14	20 yrs
2	Conveyor	1	Eminence Equipment	20.53	20.53	20 yrs
3	Hammer Mill	1	Pilotsmith	1.14	1.74	20 yrs
4	Pre-Cleaner Sab 1250	1	Indopol	9.61	9.61	20 yrs
5	Pre-Cleaner Fan	1	Indopol	8.96	8.96	20 yrs
6	Scourer	4	Indopol	2.84	11.34	20 yrs
7	Scourer Aspiration Channel	4	Bhuler	5.92	23.66	20 yrs
8	Reel Machine	2	Indopol	3.56	7.11	20 yrs
9	Cockle Cylinders	2	Indopol	4.95	9.89	20 yrs
10	Elevator	1	Eminence Equipment	16.61	16.61	20 yrs
11	Drum Sieve	1	Indopol	1.85	1.85	20 yrs
12	Dry Stoner	2	Indopol	5.18	10.35	20 yrs
13	Dry Stoner (Fan)	2	Indopol	3.33	6.66	20 yrs
14	Vibro-Separator	2	Indopol	3.63	7.25	20 yrs
15	Low Pressure Fan	7	Indopol	0.76	5.33	20 yrs
16	High Pressure Fan	4	Indopol	2.44	9.77	20 yrs
17	Intensive Dampner	2	Indopol	1.85	3.70	20 yrs
18	Air Compressor	1	Aircon	5.70	5.70	20 yrs
19	Reverse Jet Filter	3	Indopol	28.35	85.06	20 yrs
20	Automatic Moisture Controler Nc-4	1	Advance Quality	16.14	16.14	20 yrs
21	Air Lucks	9	Padmnabam Engineers	0.74	6.66	20 yrs
22	Printing Machine (Plastic Bags)	1	Aman Trading Company	16.48	16.48	20 yrs
23	Roller Mill 1250 Mm	6	Indopol	10.35	62.12	20 yrs
24	Roller Mill 1000 Mm	22	Indopol	8.87	195.24	20 yrs
25	Impact Detacher	15	Bhuler	1.78	26.63	20 yrs
26	Line Shaft	1	Bhuler	13.84	13.84	20 yrs
27	Purifier	8	Indopol	9.15	73.22	20 yrs
28	Vibro Purifier	3	Indopol	1.98	5.93	20 yrs
29	Reverse Jet Filter	6	Indopol	1.23	7.38	20 yrs
30	Bran Finisher	6	Indopol	3.88	23.29	20 yrs
31	Flow Balancer	2	Bhuler	4.42	8.83	20 yrs
32	Pneumatics	3	Indopol	9.86	29.58	20 yrs
33	Air Lucks (Pneumatics)	70	Padmnabam Engineers	0.15	10.28	20 yrs
34	Chakki 24 Inch	8	Govind Machines	0.37	2.95	20 yrs
35	Plansifter	13	Indopol	6.83	88.75	20 yrs
36	Air Compressor	7	Aircon	0.43	3.03	20 yrs
37	Reduction Gear	75	Rajesh Engineering	0.06	4.48	20 yrs
38	Emery Scourer	1	Govind Machines	1.78	1.78	20 yrs
39	Leath Machine, Grooving Machine, Shaper Machine	3	Govind Machine	7.74	22.19	20 yrs
40	Transformer 11/440/1500 Kva	1	Swastik Industries	22.19	22.19	20 yrs
41	Electric Panels, Cable Etc.	1	Regnant System	59.17	59.17	20 yrs

42	Electric Motors 150 Hp X 3 & Other Small Motors	1	Kirloskar	22.19	22.19	20 yrs
					<b>1,063.6</b>	
<b>Total</b>					<b>0</b>	

The following machineries and equipments would be required to enhance the capacity of the Flour Mill unit by 72,000 MTPA:

Sr. Numbers	Name of the Supplier	Description	Date of quotation	Quantity	Price per Unit in Rs.	Total Amount Rs. in Lac
	Indopol Food Processing Machinery Private Limited		October 24, 2009			
1.		Cleaning Section (including Automatic Dampening System, Cockle Cylinder, Silo 5000 MT capacity including civil work for foundation, etc)		Various	Lump Sum	166.61
2.		Milling Section (Including machines like Roller Mill Size, Plan shifter, Reverse Jet Filter with compressor, etc)		Various	Lump Sum	232.85
3.		Conveying and Others (Including machines like Single bucket elevator & Screw Conveyor, Spouting and Exhaust for Cleaning and Milling, etc)		Various	Lump Sum	43.2
4.		Miscellaneous (Including Rolls for Roller Mills, Erection Material like Sheets, Channels, Angles, Nuts, Bolt, Tools & Consumables, etc)		Various	Lump Sum	78.00
5.		Electrical (Including Electric Motors, Electrical Panels Starters, Switches, etc)		Various	Lump Sum	30.00
<b>Total</b>						<b>550.66</b>
Central sales Tax @ 2.00%						11.01
Freight and Packing @ 10%						56.17
<b>Grand Total</b>						<b>617.84</b>

#### 7) Margin Money for Working Capital

Margin money for working capital for the integrated steel plant that includes Sponge Iron, Steel Melt Shop, Rolling Mill and the Captive Power Plant is as follows:

(Rs. in Lac)		
Particulars	Holding Period ( in Months)	Amount
<b>Current Assets</b>		
Raw Material	1.50	2393.35
Finished Goods	0.33	530.96

Debtors	0.33	639.28
Other Current Assets		31.76
<b>Total Current Assets</b>		<b>3595.36</b>
<b>Less: Current Liabilities</b>		
Creditors for Expenses		184.55
<b>Working Capital Gap</b>		<b>3410.81</b>
Less: Margin money for Working Capital		933.13
Balance Amount to be funded through Banks		2477.68

Margin money for working capital for the Flour Mill unit is as follows:

Particulars	Holding Period ( in Months)	Amount
<b>Current Assets</b>		
Raw Material	0.50	412.50
Finished Goods	0.25	216.23
Debtors	0.50	460.64
Other Current Assets		3.75
<b>Total Current Assets</b>		<b>1093.12</b>
<b>Less: Current Liabilities</b>		
Creditors for Expenses		15.00
<b>Working Capital Gap</b>		<b>1078.12</b>
Less: Margin money for Working Capital		319.34
Balance Amount to be funded through Banks		758.78

#### 8) Contingency

Our company has estimated a contingency of 2.5% of the balance funds to be deployed for the project for civil construction and building, plant & machinery, if any, which amounts to Rs. 341.38 Lac.

#### 9) Preliminary and Pre Operative Expenses

Our Company has estimated an amount of Rs. 508.25 Lac towards Preliminary and Pre-operative expenses which mainly includes the expenses related to proposed IPO, Legal and professional charges, Lead manager fees, Stock Exchange Fees, establishment expenses, Administrative expenses during construction period, upfront fees and financial charges on loans and other miscellaneous expenses.

#### 10) Miscellaneous Fixed Assets

The total cost of the miscellaneous fixed assets is Rs. 3,501.31 lac. The Miscellaneous Fixed Assets include civil work of Rs. 1,490.40 lac against which our Company has already incurred Rs. 881.57 lac as of October 31, 2009. Other Equipments includes railway siding, furniture, vehicles, electric Installations, constructions equipment etc of Rs. 2,010.90 lac against which our Company has already incurred Rs. 1,135.48 lac as of date.

The break-up of cost has already been incurred as per the valuation report of C. B. Tripathi & Associates for the construction of miscellaneous buildings is as given below

Sr. Numbers	Name of Building	Type of Construction	Area	Unit	Rate Per Unit in (Rs.)	Total Cost (Rs. in Lacs)
1.	Factory office	Ground floor	306.70	Sq. M	10,241.00	31.41
2.	Canteen / first aid centre	Ground floor	306.70	Sq. M	10,241.00	31.41
3.	Weigh bridge	Room	22.50	Sq. M	10,241.00	2.30

	room					
4.	Guard room	Room	24.30	Sq. M	10,241.00	2.49
5.	Store shed	Room	1500.00	Sq. M	7,338.00	110.07
6.	Dg shed	Room	432.23	Sq. M	7,619.00	32.93
7.	Control room	Room	168.10	Sq. M	10,241.00	17.22
8.	Meter room	Room	10.88	Sq. M	10,241.00	1.11
9.	Weigh Bridge Foundation & Ramp RCC	The foundation of the ramp is very deep for bearing load up to 100 ton capacity. (Size 34.40 x 3.00 x 0.15 x 2 )	30.96	Cu. M	21,350.00	6.61
	Cable Trench in Panel room DG room & sub station	RCC trench with cover (Size 1.00 x 1.5 )	83.00	Mt	3,780.00	3.14
		RB trench (Size 1.00 x 0.80 )	38.20	Mt	3000.00	1.15
10.		(Size 0.30 x 0.30 )	32.00	Mt	1000.00	0.32
	Transformer	132/11 KV( 7 x 4.6 x 2.5)	1.00	Nos	5,50,00.00	5.50
11.	Foundation	11/0.4 KV( 2.4 x 2.7 x 2.5)	3.00	Nos	5,00,000.00	15.00
12.	High Tension (HT) Tower	Steel structure	4.00	Nos	3,00,000.00	12.00
13.	Gantry Foundation	6 main sub stations and 4 metering sub stations with 4.00 mt piling having 0.4 mt dia	10	Nos	1,75,000.00	17.50
14.	Main Sub station and metering sub station foundation	L.A-12,PT-6,CT-7,LSI-3,MOCB-3,BSI-2	34	Nos	30,000.00	10.20
15.	H.T. capacitor bank foundation	Size ( 0.5 x 0.5 x 2)	25	Nos	8,000.00	2.00
16.	H.T. Cable Tower	Size ( 0.5 x 0.5 x 3) 0.3 mt dia	29	Nos	3,000.00	0.87
17.	Earth pit for ear thing	Cost of G.I. pipe, man hole & brick work	70	Nos	1,000.00	0.70
18.	RCC cooling tank tower	RCC tank Size ( 3.75 x 6.50 x 1.6 )	39.00	Cu. M	9,875.00	3.85
19.	Lean to roof shed at Store	CGI sheet roof size 65 x 8	520.00	Sq. M	1/4 of 7338.00	9.54
20.	Lean to roof shed at Panel room	CGI sheet roof Size 20.50 x 5.7	116.85	Sq. M	1/4 of 7338.00	2.14
21.	Wire fencing in meter and sub station	52.45 + 111.70 mt having ht. of 1.65 mt	164.15	Mt	850.00	1.39
22.	False ceiling	Fall ceiling in office	292.00	Sq. M	1000.00	2.92
23.	Furniture	Office furniture & fixtures viz. rack, decorative light fittings etc	Lump Sum			6.65
	<b>Total</b>					<b>330.42</b>

### Residential Buildings

Sr. Number s	Name of Building	Type of Construction	Area	Unit	Rate per Unit in Rs.	Total Cost (Rs. in Lac)
1.	Type –I Building	Ground Floor	684.75	Sq. M	9848.00	67.43

		First Floor	765.83	Sq. M	8371.00	64.11
		Second Floor	757.42	Sq. M	8789.00	66.57
		Ground Floor	645.69	Sq. M	9848.00	63.59
		First Floor	616.67	Sq. M	8371.00	51.62
2.	Type –II Building	Second Floor	616.67	Sq. M	8789.00	54.20
3.	Type-III Shed	25 Sheds	2895.00	Sq. M	5210.00	150.83
4.	Drive Way Road and Street Lighting		Lump Sum			12.00
5.	Site Development & Plantation		Lump Sum			5.80
6.	Tiles in Toilet Blocks		Lump Sum			3.65
7.	Parapet Wall / Stair Mummty		Lump Sum			4.75
8.	Barbed Wire Fencing		Lump Sum			2.15
9.	Septic Tank / Drainage		Lump Sum			4.45
	<b>Total</b>					<b>551.15</b>

#### Miscellaneous Fixed Assets

The break-up of cost has already been incurred as per the valuation report of C. B. Tripathi and Associates for the construction of electric sub station and other miscellaneous fixed assets is as given below

Sr. Numbers	Name of Equipment	Numbers of Units	Make	Rate of Acquisition	Cost of Acquisition	Capacity	Age of Machinery
	<b>Electric Station</b>	<b>Sub</b>				132/11 KVA	20 yrs
1	APFC Panel	1	Clariatas Power System Solutions Pvt Limited	35.94	35.94		20 yrs
2	Electric Control Panel	1	S. S. Merchants & Vendors Private Limited	189.96	189.96		20 yrs
3	UPPCL System Loading Charges	1	UP Power Corporation Limited	49.75	49.75		20 yrs
4	Transformer MV/132/11V	15	Areva Transmission & Distribution India Limited	118.44	118.44		20 yrs
5	Power Station Equipment	1	S. S. Merchants & Vendors Private Limited	97.48	97.48		20 yrs
6	Cable Wire Etc.	1	Havels India Limited	83.47	83.47		20 yrs
7	Pole Fitting & HT	1	Swatik Industries	155.31	155.31		20 yrs



	Lines		
	<b>Other Miscellaneous</b>		
	Workshop		
8	Equipments	33.33	33.33
9	Weigh Bridge	9.90	9.90
10	DG Sets	95.57	95.57
11	Concrete Pumps	28.49	28.49
12	Computerisation	24.58	24.58
13	Office Equipments & Furniture	16.99	16.99
14	Commercial Vehicles	90.59	90.59
15	Motor Cars & Two Wheelers	71.94	71.94
16	Other Miscellaneous Equipments	27.52	27.52
17	Railway Siding	6.22	6.22
	<b>Total</b>		<b>1,135.48</b>

### Civil Work

Our Company intends to utilize Rs. 608.85 lac towards civil work.

Sr. Numbers	Name of Building	Type of Construction	Area	Unit	Rate per Unit In Rs.	Total Cost (Rs. in Lac)
1	Residential Houses	Three Floor Buildings	2300	Sq Mt	10,000.00	230.00
2	Other Miscellaneous civil works			Lump Sum		58.85
3	Staff Housings	Sheds	2000	Sq Mt	6,000.00	120.00
4	Administrative Office	RCC building with complete finishing.	3200	Sq. Ft.		200.00
	<b>Total</b>					<b>608.85</b>

As per our Management's estimates, we intend to utilize Rs. 875.42 lac for the purchase of machineries and equipments for common utilities

Sr. Numbers	Description	Date of quotation	Quantity	Unit Price	Amount Rs. in Lac
October 24, 2009					
1	Railway siding		1	600.00	600.00
2	Computers & Software's		1	25.00	25.00
3	Weighbridge		1	15.00	15.00
4	Tube well & Water Distribution Systems		1	100.00	100.00
5	Furniture & Fixtures		1	25.00	25.00
6	DG Sets		1	100.00	100.00
7	Light Fans etc		1	10.42	10.42
					<b>875.42</b>

**Project implementation schedule:**

Activity	Completion Schedule						
	Flour Mill (1,08,000 MTPA)	Flour Mill (72,000 MTPA)	Steel Melt Shop	Re- Rolled Bar Mill	Structure Mill	DRI (Sponge Iron)	Captive Power Plant)
Acquisition of Land	October 2007	October 2007	October 2007	October 2007	October 2007	October 2007	October 2007
Civil Works	September 2008	September 2008	September 2008	September 2008	September 2008	February 2010	October 2010
Plant & Machinery (Ordering & Delivery)	December 2008	July 2010	December 2008	December 2008	July 2010	February 2010 to April 2010	February 2010 to January 2011
Erection and Commissioning	February 2009	August 2010	April 2009	April 2009	August 2010	May 2010	February 2011
Arrangement of Water	February 2009	February 2009	February 2009	February 2009	February 2009	February 2009	February 2009
Trail Run	February 2009	September 2010	April 2009	April 2009	September 2010	June 2010	March 2011
Commercial Production	March 2009	September 2010	May 2009	May 2009	September 2010	June 2010	March 2011

**Deployment of Funds**

Our Company has incurred an expenditure of Rs. 16,447.25 Lacs as on 31 October, 2009 towards setting up of Integrated Steel Plant, Flour Mill and Captive Power Plant. The fund deployment in the project and its means of finance has been certified by M/s. Anoop Agarwal & Co., Statutory Auditors of our Company vide their certificate dated December 01, 2009 the details of which are as follows:

**Funds deployed**

Sr. Numbers	Particulars	Rs. in Lacs
1	Site Development & Civil Work	6,401.82
2	Amount paid towards procurement of Plant and Machinery	8,638.80
3	Pre-operative Expenses towards the project*	190.75
4	Advance paid towards Auxiliary Indigenous Machinery	44.69
5	Net Working Capital	1,171.19
	<b>Total</b>	<b>16,447.25</b>

\* Includes an amount of Rs. 7.50 lacs towards expenses for the Issue.

**Source of financing the funds already deployed**

Sr. Numbers	Particulars	Rs. In Lacs
1	Equity Capital including reserves	1,0158.39
2	Promoters Contribution for Public Issue already bought in	700.00
2	Term Loan availed from State Bank of India & Consortium Members	3,232.12
3	Un Secured Loan*	2,000.00
4	Sundry Creditors against supply of fixed assets	219.37
5	Cash Accruals	137.37
	<b>Total</b>	<b>16,447.25</b>

\* The Company has raised Unsecured Loans for the purpose of the proposed project. As on October 31, 2009, the balance of unsecured loan was Rs. 2000.00 lac. The details of unsecured loan is as under:

Sr. Numbers	Name of Company	Amount (in Rs. Lac)
1	Gallantt Udyog Limited	20,00.00
	<b>Total</b>	<b>20,00.00</b>

### Proposed Deployment of Funds

The quarter-wise break-up for utilization of Issue proceeds of the above mentioned capital expenditure programme in the financial year as given hereunder:

(Rs. In lacs)									
Sr. No	Particulars	Upto 31 <sup>st</sup> Oct 2009	From Nov 2009 to Dec 2009	Jan 2010 to March 2010	Apr 2010 to June 2010	July 2010 to Sept 2010	Oct 2010 to Dec 2010	Jan 2011 to March 2011	Total
	<b>Land &amp; Site Development</b>								
1	Land	455.11	-	-	-	-	-	-	455.11
	Site Development Charges for 112.695 Acres	1,168.09	60.00	40.00	40.00	40.00	54.59	-	1,402.68
2	<b>Flour Mill</b>								
	Construction of Factory Buildings	761.45	-	-	-	-	-	-	761.45
	Manufacturing Line	1,063.60	-	-	-	617.84	-	-	1,681.44
3	<b>Rolling Mill</b>								
	Construction of Factory Buildings	967.75	-	-	-	-	-	-	967.75
	Manufacturing Line	2,410.61	-	-	-	1,414.84	-	-	3,825.45
4	<b>Steel Melt Shop</b>								
	Construction of Factory Buildings	1,430.09	-	-	-	-	-	-	1,430.09
	Manufacturing Line	2,739.89	-	-	-	-	-	-	2,739.89
5	<b>Sponge Iron (DRI)</b>								
	Construction of Factory Buildings	337.77	-	-	262.23	-	-	-	600.00
	Manufacturing Line	1,325.64	-	1,200.00	2,078.80	-	-	-	4,604.44
6	<b>Captive Power Plant (CPP)</b>								

	Construction of Factory Buildings	-	-	-	-	500.00	250.00	-	750.00
	Manufacturing Line	8.26	-	1,000.00	1,000.00	1,000.00	1,500.00	1,512.54	6,020.80
	<b>Miscellaneous</b>								
7	<b>Fixed Assets</b>								
	Civil work & constructions of Building	1,281.55	-	82.23	126.62	-	-	-	1,490.40
	Furniture & Fixtures, computers and office equipments, fire fighting & safety equipments, electrical installations, water supply system, workshop equipments etc.	1,135.48	-	150.00	200.00	150.00	150.00	225.42	2,010.90
	<b>Total</b>	<b>15,085.30</b>	<b>60.00</b>	<b>2,472.23</b>	<b>3,707.65</b>	<b>3,722.68</b>	<b>1,954.59</b>	<b>1,737.96</b>	<b>28,740.41</b>
8	<b>Contingencies</b>	0.00	<b>1.50</b>	<b>61.81</b>	<b>92.69</b>	<b>93.07</b>	<b>48.86</b>	<b>43.44</b>	341.37
	<b>Margin for Working Capital</b>								
9		1,171.19	196.20	-	277.48	-	-	-	1,252.47
	<b>Pre-operative Expenses &amp; Issue</b>								
10	<b>Expenses</b>	190.75	142.50	45.00	40.00	35.00	30.00	25.00	508.25
	<b>Total</b>	<b>1,6447.24</b>	<b>7.80</b>	<b>2,579.04</b>	<b>4,117.82</b>	<b>3,850.75</b>	<b>2,033.45</b>	<b>1,806.40</b>	<b>3,0842.50</b>

#### Interim Use of Funds:

Pending utilization for the purpose described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments. These investments would be authorized by the Board of Directors by our Company or a duly authorized committee thereof.

#### Monitoring of Utilization of Funds

As the issue size is less than Rs. 50,000 Lacs, there is no requirement for appointment of monitoring agency as per Regulation 16 of the SEBI Regulations. However, the Audit Committee appointed by our Company will monitor utilization of funds for the project.

Our Company will disclose the utilization of the Net Proceeds under a separate head in its balance sheet for such fiscal periods as required under the SEBI Regulations, the listing agreements with the Stock Exchanges and any other applicable law or regulation, specifying the purposes for which the Net Proceeds have been utilized. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilized, thereby also indicating investments, if any, of such currently un-utilized Net Proceeds.

No part of the proceeds of this Issue will be paid by us as consideration to our Promoters, our Directors, key management employees or companies promoted by our Promoters, save and except in the course of normal business.

## **BASIS FOR ISSUE PRICE**

*Investors should read the following summary with the Risk Factors included from page number 10 to 23 and the details about the Company and its financial statements included in this Draft Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and you may lose all or part of your investments.*

### **Qualitative Factors**

#### ***Management Expertise***

Our Promoters have been engaged in the food grain business for more than two decades, and in steel manufacturing business for more than a decade. Other than Gallant Ispat Limited, the group comprises of two other companies namely, Gallant Udyog Limited (GUL) and Gallant Metal Limited (GML). GML, incorporated in 2005, is based in Gujarat, and has integrated steel manufacturing operations. Our promoters, over the years, have gained experience in setting up and operating integrated steel plants as well as flour mills. The established position of the group companies in the local markets has also resulted in an established customer base and a supplier network in Uttar Pradesh, Chattisgarh, Bihar, and Madhya Pradesh. In addition to our Promoters, We have a professionally managed team with technical experts in respective fields and as more specifically detailed in the paragraph titled 'Key Managerial Personnel' on page numbers 166 of the chapter titled 'our Management' of this Draft Prospectus.

#### **Strong Brand Recognition**

Our Company forms a part of the Gallant Group. The Gallant Group is already engaged in the manufacturing of steel products in Gorakhpur, Uttar Pradesh, selling its product under the brand name Gallant and has successfully marketed their products in Northern India. Our Company proposes to sell its products in Uttar Pradesh and the surrounding areas wherein it has already established considerable brand recognition.

#### **Our Quality Certification**

Our Company has met standards of Bureau of Indian Standards and has received the IS 1786:2008 certification for high strength deformed steel bars for concrete reinforcements (TMT). Since our Company is dedicated towards quality of products, processes and inputs, we get repetitive orders from our customers, as we are capable of meeting our quality standards thereby enabling us to maintain our brand image in the market

#### **Cordial Relationship between management and labour**

We enjoy cordial relations with our employees and there has been no union of employees. Further, there have been no strikes, lock-out or any labour protest in our organization since the incorporation of our Company.

#### **Captive Power plant**

Power is an important factor in every manufacturing facility. Considering the power requirements of our existing manufacturing facilities, our Company also proposes to setup a 16 MW captive power plant to meet its present requirement of power. Captive power plant will give us the stable and uninterrupted power supply which is very crucial in manufacturing of our products. Uninterrupted power supply helps to avoid any delays in manufacturing process thereby ensuring complete utilization of our capacities.

#### **Expected High Operating Efficiency**

Our Company's steel plant is proposed to be fully integrated. The sponge iron manufactured will be used captively as raw material by the SMS plant to manufacture Mild steel billets. These Mild steel billets will further be used to manufacture TMT Bars and Structurals. Thus every units finished product will be acting as a raw material for the next unit. Our Company is setting up a 16 MW Captive Power plant will generate power from waste heat of sponge iron plant and also from FBC through D grade coal/ cane bagas/rice husk, which will feed the power requirement of the project and will totally be used for captive purposes. Due to total integration, our company as a whole can reduce its cost of production and achieve better profitability. The company can sustain/absorb adverse market situation

during cyclical recession. The steel industry is highly power-intensive and captive power plant, which has low cost per unit will lead to significant cost saving.

### **Government Incentives & Subsidies**

The State Government of Uttar Pradesh has granted facilities to industries being set up in Uttar Pradesh with investment of above Rs. 100.00 crores. The incentives were originally granted vide G.O. Numbers 1502/77-6-2006-10 Tax/04 dated 1.6.2006 which have been elaborated in G.O. Numbers 2941/77-6-2006-10 Tax/04 dated 30.11.2006 and further amended from time to time.

The incentives available under the scheme are capital subsidy, infrastructure subsidy, transport subsidy and interest free loan in lieu of trade tax.

#### *Capital Investment subsidy*

Capital Investment subsidy shall be available @ 10% of the fixed capital Investment on projects with fixed capital investment of more than Rs. 100 crores but up to Rs. 200 crores and @ 20% of fixed capital Investment on the projects with fixed capital investment of more than Rs. 200 Crores. Further fixed capital investment made (within same premises or any other location in the State) within 3 years from the specified date of May 31, 2009 would also be included in calculating the amount of subsidy. Further 5% additional capital subsidy shall be available to the first unit in the Bundelkhand or Purvanchal region.

#### *The Infrastructure subsidy*

The Infrastructure subsidy shall be available on actual expenditure incurred on creation of infrastructures. The entitlement for Infrastructure Subsidy shall be equivalent to the actual expenses on infrastructure subject to maximum 10% of the total fixed capital investment of the project.

#### *Transport subsidy*

Transport subsidy shall be available for a period of 15 years in respect of imports of raw material from outside the state of Uttar Pradesh up to the factory premises. The entitlement of transport subsidy shall be 100% of the actual transport expenses. The maximum amount of Transport Subsidies is 150% of Rail Tariff for equal distance. The details of transport expenses towards avilment of transport subsidy shall be submitted on quarterly basis to PICUP. Total amount of capital subsidy and infrastructure subsidy shall not exceed Rs. 250 crores and that total of all the subsidies would not exceed 100% of fixed capital investment.

#### *Interest free loan*

Interest free loan shall be available of equivalent amount of tax liability for 15 years in case of fixed capital investment of Rs. 100 crores. The repayment of loan shall be after 7 years. However, in case of capital investment of Rs. 100 crores, the unit can exercise the option of repayment of interest free loan in lump sum (in single installment) immediately after 15 years. In such cases the interest free loan amount shall not be more than 100% of the fixed capital investment/additional fixed capital investment in the project.

Further fixed capital investment of more than Rs. 200 crores will also have one of these options or can exercise options of repayment of interest free loan after 10 years (in single installment immediately after 17 years) subject to the condition that net present value of amount of interest free loan is not more than 100% of investment/additional investment in the project. Further 5% additional capital subsidy shall be available to the first unit in the Bundelkhand or Purvanchal region.

Other benefits:

1. Land on actual cost and concessional rates of registration.
2. Entry Tax exemption on plant & machinery, spare parts and capital goods.
3. Exemption of mandi tax of 2% on purchases of wheat.

## Location Advantage

Company has already taken possession of 112.695 acres of the land required for the project on a 90-year lease from Gorakhpur Industrial Development Authority (GIDA). The project site of our Company is situated at Gorakhpur Industrial Development Authority (GIDA), Sahjanwa, Gorakhpur, Uttar Pradesh wherein all the required infrastructural facilities are available and the project site at this place has been selected keeping in view the availability of the following facilities:

1. The site has an advantage of an industrial policy of the state government. The policy says of providing certain benefits/incentives as mentioned hereinabove, to units which invest Rs. 200 Crore within a period of six years.
2. The site is ideally suited from the point of view of raw material availability and marketing.

### Connectivity:

The site is also well connected with all type of transportation.

National Highway: The site is on NH 28.

Railway Station: The site is just 1 km away from the Sahjanwa

Railway Station / Railway Siding: Site is adjacent to Railway line and company is constructing its own siding within factory premises.

Air Port: Gorakhpur Airport is 20 Kms away from the factory site

Thus, the location of the site will be advantageous to our company in transportation of Raw materials as well as the Finished Products.

## Quantitative Factors

### 1. Diluted Earnings Per Share (EPS)

Particulars	Earnings per Share (Face Value Rs. 10 per share)	
	Amount in Rs.	Weight
Year ended March 31, 2009	(0.10)	1
<b>Weighted Average</b>	<b>(0.10)</b>	

**Note:** Before the aforesaid period, our Company did not earn any income from operations. Hence, these results as such do not accurately represent the profitability of our Company.

### 2. Price/Earning (P/E) ratio

i) The P/E ratio cannot be determined as the EPS for the period ending March 31, 2009 is negative.

ii) **P/E ratio for the industry is as follows:**

Industry P/E	
Highest	105.4
Lowest	4.6
<b>Industry Composite</b>	<b>18.8</b>

**Source:** Capital Market Vol. XXIV/21; December 14 – December 27, 2009

### 3. Return on Average Net Worth (RONW)

i) The RONW cannot be determined as our Company has incurred a loss for the period ending March 31, 2009.

**Note:** Before the aforesaid period, our Company did not earn any income from operations. Hence, these results as such do not accurately represent the profitability of our Company.

#### 4. Net Asset Value per Equity Share

Particulars	Amount in Rs.
NAV per Equity Share as on March 31, 2009	78.74
NAV per Equity Share as on August 31, 2009	53.81
After the Issue	52.49
Issue Price	50.00

#### 5. Comparison of Accounting Ratios with Industry Peers

Sr. Numbers	Name of the Company	Face Value (Price per Share)	EPS (Rs.)	P/E Ratio	RoNW (%)	NAV (Rs.)
1	Adhunik Metaliks Limited	10	2.3	NA	9.4%	52.4
2	Gallantt Metal Limited	10	1.7	NA	11.3%	17.2
3	Surana Industries Limited	10	15.9	9.3	14.2%	129.0
4	Jindal Steel & Power Limited	1	16.5	51.0	33.7%	57.9
5	Monnet Ispat & Energy Limited	10	46.9	8.1	18.2%	268.2
6	Rathi Bars Limited	10	1.9	4.6	5.7%	34.7
7	Gallantt Ispat Limited	10	(0.1)	-	(0.12)%	78.74

**Source:** Capital Market Vol. XXIV/21; December 14 – December 27, 2009

The Issue Price of Rs. 50 has been determined by our Company in consultation with the LM and the LM believes that the Issue Price of Rs. 50 is justified in view of the above qualitative and quantitative parameters. Prospective investors should also review the entire Draft Prospectus, including, in particular the sections titled “Risk Factors”, “Business” and “Financial Statements” beginning on pages 10, 111 and 182 respectively, of this Draft Prospectus to have a more informed view.



## STATEMENT OF TAX BENEFITS

*The below Statement of Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares. The statements made are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of Equity Shares.*

To,  
The Board of Directors,  
Gallantt Ispat Limited  
Ashyna 29C,  
Bentick Street,  
Mezzanine Floor  
Kolkata - 700069

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to Gallantt Ispat Limited ("The Company") and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

The Company or its shareholders will continue to obtain these benefits in future; or

The conditions prescribed for availing the benefits have been/ would be met with.

The contents of this annexure are based on information, explanations, and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

**For Anoop Agarwal & Co**  
**Chartered Accountants**

**Manish Khandelwal**  
Partner  
Membership Numbers 057846  
Date: 01-12-2009  
Place: Gorakhpur

## **A. BENEFITS AVAILABLE TO THE COMPANY**

### **1. Tax Holiday under section 80IA of the Income Tax Act, 1961 (for Power Generation)**

As per the provisions of Section 80IA of the Act, the Company is eligible to claim a benefit with respect to deemed profit derived from power project @ 100% for a period of ten consecutive assessment years commencing from initial assessment year of Company's choice which shall not fall beyond the fifteenth assessment year starting from the previous year in which the undertaking generates power.

2. a) Under Section 32 of the Income Tax Act, 1961, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses, etc. if acquired after 31<sup>st</sup> March, 1998.

b) In terms of Clause (ia) of Sub-section (1) of Section 32 of the Act, the Company is entitled to further deduction of 20% as additional depreciation on new plant & machinery acquired and installed after 31<sup>st</sup> March 2005, subject to conditions specified therein.

c) The Company can carry forward and set-off the unabsorbed depreciation allowance, if any, against its income of the future years. The Company is also entitled to carry forward and set-off its unabsorbed business losses for a period upto eight subsequent years for set-off against its business income.

3. Under Section 35D of the Act, the Company will be entitled to a deduction equal to 1/5<sup>th</sup> of the expenditure of the nature specified in the said Section, including expenditure incurred on present issue, such as Brokerage and other charges, by way of amortization over a period of 5 successive years, beginning with the previous year in which the new unit commences production, subject to the stipulated limits.

## **B. BENEFITS TO THE SHAREHOLDERS OF THE COMPANY**

### **i) All Members**

By virtue of section 10(38) inserted by Finance (Numbers 2) Act, 2004, income arising from transfer of long-term capital asset, being an equity share in the company is exempt from tax, if the transaction of such sale has been entered into on or after 1.10.2004 and such transaction is chargeable to the securities transaction tax.

By virtue of section 111 A inserted by Finance (Numbers 2) Act 2004, short term capital gain on transfer of equity share in the Company shall be chargeable to tax @ 15%, if the transaction of such sale has been entered into or after 1.10.2004 and such transaction is chargeable to securities transaction tax. However, where the income includes any such short-term capital gain, it shall not be considered for deduction under chapter VIA and rebate under section 88 of Income tax Act, 1961.

By virtue of section 10(34) of the Income Tax Act, income earned by way of dividend income from a domestic company referred to in section 115O of the Income Tax Act (i.e. dividends declared, distributed and paid on or after 1st April, 2003), are exempt from tax in the hands of the shareholders.

### **ii) Resident Members**

In terms of Section 10(23D) of the Income Tax Act, 1961 all Mutual Funds set up by Public Sector Banks or Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified will be exempt from Income Tax on all their income, including income from investment in the shares of the Company.

Under section, 54EC of the Income Tax Act, 1961, Long Term Capital Gains [in cases not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax to the extent such gains are invested within six months from the date of transfer in the purchase of any specified bonds issued by the National Bank for Agriculture and Rural Development (NABARD), the National Highway Authority of India (NHAI), and Rural Electrification Corporation Ltd. (REC) subject to a limit of fifty lakh rupees.

Under section 54F of the Income Tax Act 1961 Long Term Capital Gains [in cases not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company held by an individual or Hindu Undivided Family (HUF) shall be exempt from capital gains tax subject to the provisions of the said section, if the net sales

consideration is utilized within a period of one year before or two years after the date of transfer in the purchase of a new residential house or for construction of a residential house within a period of 3 years after the date of transfer. Under section 112 of the Income Tax Act, 1961 and other provisions of the Act, long term capital gains, (in cases not covered under section 10(38) of the Act), arising on transfer of shares in the company, i.e. if shares are held for a period exceeding 12 months shall be concessionaly taxed at the flat rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder.

### **iii) Non-Resident Indians/ Non-Residents [Other than FIIs and Foreign Venture Capital Investors]**

1. Non-Resident Indian (i.e. an individual being a citizen of India or person of Indian origin) has an option to be governed by the provisions of Chapter XII-A of the Income-tax Act, 1961 viz. "Special Provisions relating to certain incomes of Non-Residents".

- Under Section 115E of the Income Tax Act, 1961, where shares in the Company are subscribed for in convertible Foreign Exchange by a Non-Resident Indian, long term capital gains arising to the non-resident on transfer of shares shall (in case not covered under Section 10 (38) of the Act) be concessionaly taxed at the flat rate of 10% (plus applicable surcharge and education cess) without indexation benefit but with protection against Foreign Exchange Fluctuation.
- Under provisions of section 115F of the Income Tax Act, 1961, long term capital gains (not covered under section 10 (38) of the Act) arising to a non resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from Income Tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only a part of the net consideration is so reinvested the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted with three years from the date of their acquisition.
- Under provisions of section 115G of the Income Tax Act, 1961, it shall not be necessary for a Non Resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.
- Under section 115-I of the Income Tax Act, 1961, a Non Resident Indian may elect not to be governed by the provisions of chapter XIIA for any assessment year by furnishing the return of income under section 139 of the Income Tax Act declaring therein that the provisions of this chapter shall not apply to him for that assessment year and if he does so the provisions of this chapter shall not apply to him instead the other provisions of the Act shall apply.

2. As per the provision of the first proviso to section 48 of the Income Tax Act, capital gains arising from transfer of equity shares acquired by non-resident in foreign currency are to be computed by converting the cost of acquisition / improvement, expenditure incurred wholly and exclusively in connection with such transfer and full value of consideration received or accruing into the same foreign currency as was initially utilized in the purchase of equity shares and the capital gain so computed in such foreign currency shall then be reconverted into Indian currency. Cost indexation benefits will not be available in such cases.

3. Under section, 54EC of the Income Tax Act, 1961, Long Term Capital Gains [in cases not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax to the extent such gains are invested within six months from the date of transfer in the purchase of any specified bonds issued by the National Highway Authority of India (NHAI), and Rural Electrification Corporation Ltd. (REC).

4. Under section 54F of the Income Tax Act 1961 Long Term Capital Gains [in cases not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company held by an individual or Hindu Undivided Family (HUF) shall be exempt from capital gains tax subject to the provisions of the said section, if the net sales consideration is utilized within a period of one year before or two years after the date of transfer in the purchase of a new residential house or for construction of a residential house within a period of 3 years after the date of transfer.

5. Under section 112 of the Income Tax Act, 1961 and other relevant provisions of the act, long term capital gains (not covered under section 10 (38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso of section 48 or at 10% (plus applicable surcharge and education cess) (without indexation), at the option of the shareholders. (Indexation will not be available if investments are made in foreign currency in accordance with the first proviso to section 48 of the Income Tax as stated above).

#### **iv) Foreign Institutional Investors (FIIs)**

1. As per section 115AD of the Income Tax Act, long-term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares purchased by FIIs, in convertible foreign exchange, are taxable at the rate of 10 % (plus applicable surcharge and education cess). Cost indexation benefits will not be available.

2. Under Section 196D of the Income-tax Act, no deduction of tax at source will be made in respect of dividends referred to in Section 115-O and Capital Gains arising from the transfer of the equity shares referred to in Section 115AD, payable to Foreign Institutional Investors.

#### **v) Venture Capital Companies / Funds**

In terms of section 10(23FB) of the Income Tax Act, 1961 all venture capital companies / funds registered with Securities and Exchange Board of India, subject to the conditions specified , are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

#### **Wealth Tax**

Shares of the company held by the shareholder are not treated as assets within the meaning of section 2 (ea) of Wealth Tax Act, 1957; hence the value thereof is not includible in the net wealth chargeable to Wealth Tax.

#### **Gift Tax**

Tax is not leviable in respect of any gifts received on or after the 1<sup>st</sup> day of September, 2004 from relative and on cases specified in section 56(2)(v) of the Income Tax Act, 1961.

#### **Notes:**

- i. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
- ii. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
- iii. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

## SECTION IV - ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

*The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites/publications and company estimates. Industry websites/publications generally state that the information contained in therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in this Draft Prospectus is reliable, it has not been independently verified. Similarly, internal Company estimates, while believed by us to be reliable, have not been verified by any independent agencies.*

Steel is a uniquely versatile material. It is involved in virtually every phase of our lives from housing, food supply and transport to energy delivery, machinery and healthcare. In fact, it is so versatile that pretty well everything people use every day is either made from steel or is provided by steel.

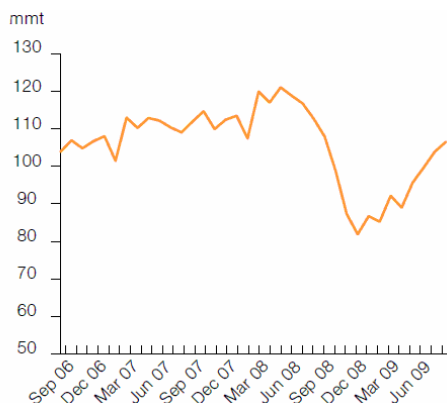
Steel has facilitated our quality of life, underpinned humankind's development and even helped us to understand our planet and the eco-systems it supports. Without being aware of it, society now depends on steel. Human kind's future success in meeting challenges such as climate change, poverty, population growth, water distribution and energy limited by a lower carbon world depends on applications of steel.

Steel's claim to be right for these times is not solely based on its claim as the most versatile man-made material. Recyclability is another of its key performance characteristics. Steel can be recycled again and again without loss of quality. This differentiates steel from many other materials where there is a loss in performance at each recycling.

#### Global Outlook

Steel, a global industry, now saw the negative side of globalisation. Demand crashed worldwide. Large economies such as Germany and Japan were for a time just as badly hit as other regions, because of the impact on key steel-using customers as markets for their goods disappeared.

*Monthly crude steel production, World (66countries), September 2006 to August 2009*



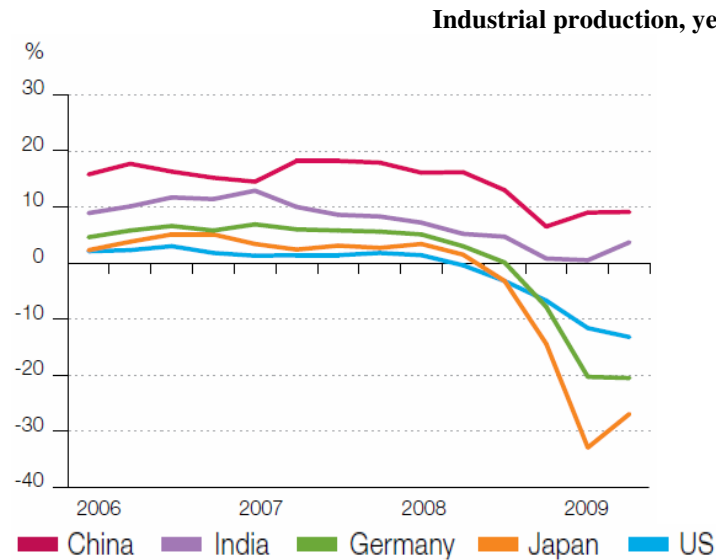
*Source: world steel association*

Manufacturing markets, especially automotive and mechanical engineering, evaporated. As the financial crisis worsened, supply chains de-stocked, banks refused to lend so credit dried up and business confidence sank.

As a result, apparent steel use – which had enjoyed over 7% growth before the crisis – collapsed in the fourth quarter of 2008. Apparent steel use in 2008 was 1.8% down on 2007. As the crisis continued in the first half of 2009

in most of the world, apparent steel use in 2009 is expected to go down by a further 8%-9%. (Source: world steel association)

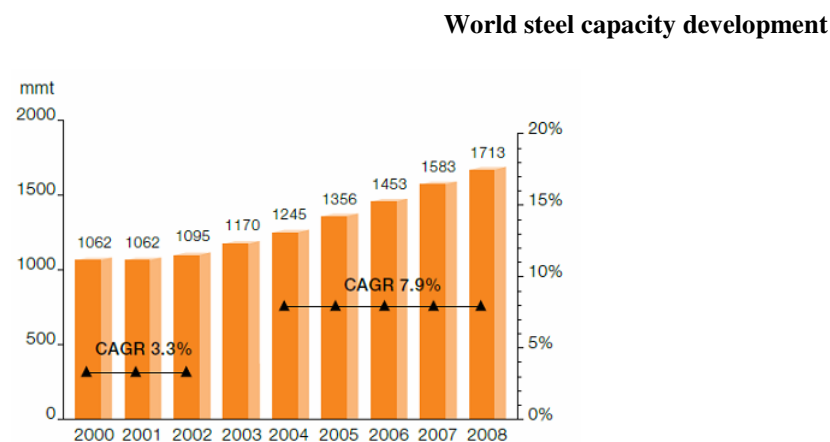
The crisis has underlined the ever-increasing importance of emerging economies even more, due to their relative resilience. In late 2008 and 2009, China and India continued to register growth in industrial production. In the developed world, steel use was down by 30%.



Source: world steel association

### Recovery

Emerging economies, including China and India, started to improve in the first quarter of 2009. Signs of recovery also started to show in developed economies in the second half of 2009. Some restoration of consumer and business confidence could be seen everywhere. Surveys in developed and developing countries showed that consumers were starting to perceive an improvement in the economic situation. They are more optimistic about the future and spending patterns are being adjusted accordingly.



Source: world steel association

## Indian Steel Sector structure/Market size

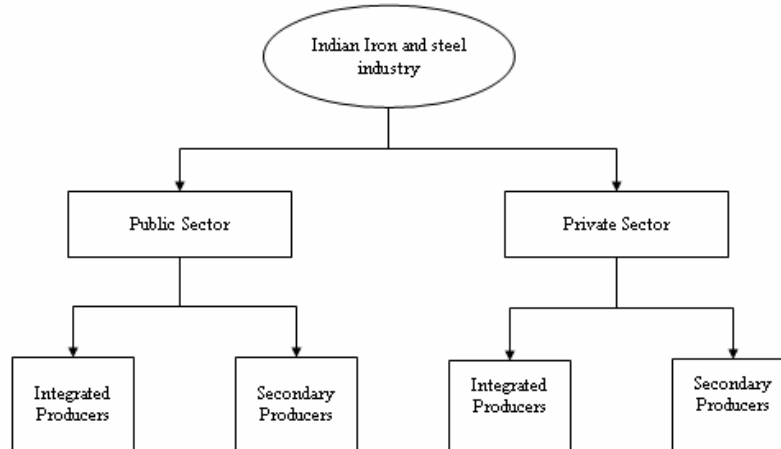
The Indian steel industry entered into a new development stage from 2005–06, resulting in India becoming the 5th largest producer of steel globally. Producing about 53 million tonnes (MT) of steel a year, today India accounts for a little over 7 per cent of the world's total production.

India is the only country world over to post a positive overall growth in crude steel production at 1.01 per cent for the January-March period of 2009. The recovery in steel production has been aided by the improved sales performance of steel companies. The steel sector grew by 5.3 per cent in May, 2009. *Source: (http://www.ibef.org/artdisplay.aspx?cat\_id=114&art\_id=23690)*

## Industry Structure

Indian Iron and steel Industry can be divided into two main sectors Public sector and Private sector, Further on the basis of routes of production; the Indian steel industry can be divided into two types of producers.

- Integrated producers - Those that convert iron ore into steel.
- Secondary producers - These are the mini steel plants (MSPs), which make steel by melting scrap or sponge iron or a mixture of the two.



## Production

Steel production grew at 1.2 per cent in the January-March quarter of 2008-09. The National Steel Policy has a target for taking steel production up to 110 MT by 2019–20. Nonetheless, with the current rate of ongoing Greenfield and Brownfield projects, the Ministry of Steel has projected India's steel capacity is expected to touch 124.06 MT by 2011–12. In fact, based on the status of Memoranda of Understanding (MOUs) signed by the private producers with the various state governments, India's steel capacity is likely to be 293 MT by 2020.

In the first 10 months of 2008-09, India's steel production went up to 46.8 MT up by 1.1 per cent from last year.

*Source: (http://www.ibef.org/artdisplay.aspx?cat\_id=114&art\_id=23690)*

## Consumption

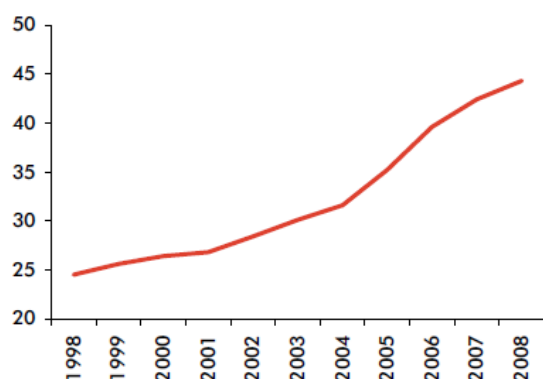
India accounts for around 5 per cent of the global steel consumption. Almost 70 per cent of the total steel used is for kitchenware. However, its use in railway coaches, wagons, airports, hotels and retail stores is growing immensely. Steel consumption grew at 5.2 per cent during the first quarter of 2009-10 as against 3.8 per cent in the January-March quarter last year.

A Credit Suisse Group study states that India's steel consumption will continue to grow by 16 per cent annually till 2012, fuelled by demand for construction projects worth US\$ 1 trillion. The World Steel Association has forecast a 2 per cent growth in the country's steel consumption in 2009, making it the only major economy to post an increase in a year that will see global consumption of the metal fall by around 15 per cent. India is expected to consume 53.5 MT of steel in 2009.

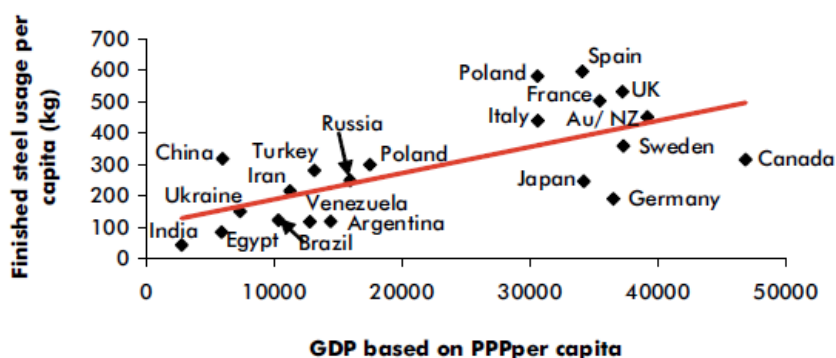
Source: ([http://www.ibef.org/artdisplay.aspx?cat\\_id=114&art\\_id=23690](http://www.ibef.org/artdisplay.aspx?cat_id=114&art_id=23690))

The scope for raising the total consumption of steel is huge, given that per capita steel consumption is only 35 kg – compared to 150 kg across the world and 250 kg in China.

India's steel usage continues to remain low despite steady 6% growth in consumption over the years – at 44 kg per capita, compared with a global average of 109 kg per capita. This is much lower than that of several developing nations. The current low level of penetration indicates existence of potential for sustained growth of domestic steel demand. The low usage is essentially a function of what stage of economic development the country is in.



Source: world steel association



Source: IMF, world steel association

In FY 08 India turned a net importer of steel owing to the high consumption growth rate and need for specialty grade steel. However the quantum of net exports/imports is low. As such, production and consumption levels should grow together.

## Exports

Out of India's annual iron ore production of more than 200 MT, about 50 per cent is exported. Iron ore exports increased 17 per cent to 12.6 MT in February 2009 from 10.8 MT in the same month a year ago, owing to a moderate revival in demand from Chinese steel producers, as per the latest data compiled by a group of top Indian mining firms.



Earlier, according to a study, with the rise in demand for steel in China, India's iron ore exports went up by 38 per cent to reach 13.6 MT in December 2008 against 9.8 MT in December 2007.

Around 50-60 per cent of India's iron ore is exported to China India's exports during April-December 2008 were 64.4 MT. The government has reduced export duty on iron ore lumps from 15 per cent to 5 per cent, which has given a further fillip to exports. Further, the reduction in railway freight has also benefited the domestic iron ore miners.

*Source: ([http://www.ibef.org/artdisplay.aspx?cat\\_id=114&art\\_id=23690](http://www.ibef.org/artdisplay.aspx?cat_id=114&art_id=23690))*

## **Investments**

A host of steel companies have lined up major investment proposals. Furthermore, with an expanding consumer market, the Indian steel industry is likely to receive huge domestic and foreign investments.

- According to the Investment Commission of India investments of over US\$ 30 billion in steel are in the pipeline over the next 5 years.
- Arcelor-Mittal, the largest steel maker of the world, is planning to set up a captive port near Paradip in Orissa. The port will be used to serve two mega integrated steel plants of the company proposed in Orissa and Jharkhand. \
- Tata Steel has raised US\$ 500 million by issuing 'global depository receipts' (GDRs) aiming at expansion of its Jamshedpur plant and overseas mining projects.
- Japanese steel major, Kobe Steel, has decided set up a subsidiary in Kolkata to market its steel production machinery in India.
- Steel companies have committed US\$ 122.50 million for setting up sponge iron units in Koppal and Bellary in Karnataka.
- SAIL will invest US\$ 724.12 million to set up a 4-million tonne per annum steel mill at its Bhilai Steel Plant.

*Source: ([http://www.ibef.org/artdisplay.aspx?cat\\_id=114&art\\_id=23690](http://www.ibef.org/artdisplay.aspx?cat_id=114&art_id=23690))*

## **Government Initiative**

Subsequent to the recent fall in international prices of commodities and to protect Indian producers, the Indian government has announced some changes in customs duty rates, which were effective from November 2008.

The government has removed full exemption of customs duty on some industrial and agricultural commodities. Iron and steel products like pig iron, spiegeleisen, semi-finished products, flat products and long products are now subject to a basic custom duty of 5 per cent ad valorem.

The Indian government plans to invest over US\$ 350 billion in industries related to infrastructure and construction which will give a fillip to the steel sector.

Moreover, in the Union Budget 2009-10, the government has made a 23 per cent hike in allocation for highway development and US\$ 1.034 billion increase in budgetary support to Railways which will further promote the steel industry.

*Source: ([http://www.ibef.org/artdisplay.aspx?cat\\_id=114&art\\_id=23690](http://www.ibef.org/artdisplay.aspx?cat_id=114&art_id=23690))*

## **Advantage India:**

Well positioned to capture the growth:

- A viable alternate route to steel making through the coal based Sponge Iron route using power generated from waste energy recovery and electric furnace stands established and is India's contribution to the world of steel making. Share of steel production in the country following this route is bound to grow with the growth in steel demand.
- Being a core sector, steel industry tracks the overall economic growth in the long-term. Also, steel demand, being derived from other sectors like automobiles, consumer durables and infrastructure, its fortune is dependent on the growth of these user industries.
- The Indian steel sector enjoys advantages of domestic availability of raw materials and cheap labour. Iron ore is also available in abundant quantities. This provides major cost advantage to the domestic steel industry, with companies like TISCO being one of the lowest cost producers in the world.
- However, Indian steel companies have to bear additional costs pertaining to capital equipment, power and inefficiencies (low per employee productivity). This has resulted in the erosion of the edge they would have otherwise enjoyed due to availability of cheap labour and raw materials. Now with the focus on improving efficiency the industry is positioned to witness higher profitability.
- The basic import duty on steel has been consistently brought down. This has made the industry vulnerable to international competition. On the positive side, domestic prices now track the global prices more closely.

#### Growth potential:

- The per capita steel consumption in India is abysmally low at around 30 kgs as compared to 180 kgs of China and over 400 kgs in developed countries. This wide gap in relative steel consumption indicates that the potential ahead for India to raise its steel consumption is high.
- The China effect: Domestic steel companies have benefited immensely on the back of rise in international steel prices and demand. The prices continue to remain strong and the demand is likely to sustain in the current year on the back of demand from countries like China.
- Domestic impetus: A robust housing sector, with growth potential in the auto and the consumer durables sector is likely to be a big positive for the steel sector.

Cost advantage: Indian steel producers are one of the lowest cost producers in the world. With exports on the rise leading to better realisations, the bottom-line of the companies is likely to be positively impacted

#### *Road ahead*

While the demand for steel will continue to grow in traditional sectors such as infrastructure, construction, housing automotive, steel tubes and pipes, consumer durables, packaging, and ground transportation, specialized steel will be increasingly used in hi-tech engineering industries such as power generation, petrochemicals, fertilizers, etc. The new airports and railway metro projects will require a large amount of stainless steel.

According to an estimate, with the growing need for oil and gas transportation infrastructure, a US\$ 118 billion opportunity is waiting to be tapped by steel manufacturers in the next five years. Indian steelmakers are set to make the most of booming global demand for steel pipes and tubes with the government withdrawing the 10 per cent duty on the exports of these products. According to a study by ICICI Direct, Indian steel companies are likely to get 19 per cent of the total global demand in the years to come.

Note: Exchange rate used: 1 USD = 48.43 INR (as on June 2009)

Source: ([http://www.ibef.org/artdisplay.aspx?cat\\_id=114&art\\_id=23690](http://www.ibef.org/artdisplay.aspx?cat_id=114&art_id=23690))

## Sponge Iron

India is the world's largest producer of direct reduced iron (DRI) or sponge iron with nearly 20 million tonnes production in 2008-09 (*Source: Annual Report, Ministry of Steel*)

Sponge iron is a generic name of metallic product obtained through reduction of iron oxide (haematite) in solid state.

The external shape of the ore is retained with 30% reduction in weight due to oxide reduction resulting in change in true density from 4.4 gm/cc to 7.8 gm/cc in this product. This paves the way for 54% reduction in volume which is manifested in pore formation through out the interior of reduced product and hence the name "Sponge Iron".

The evolution of sponge iron as a metallic feed in electric steel making has been mainly due to reduced availability of high quality scrap and its increasing cost. It is a known fact that the continuous casting ratio which was a mere 4% in 1970 today stands at a staggering 88% of the crude steel output vividly explaining the decreasing availability of revert scrap (high quality scrap) in the world.

This material offer benefits like guaranteed uniform and predictable composition containing low amounts of sulphur, phosphorous & tramp elements along with environmental friendliness during usage. Its usage permits application of even low grade scrap as part of the charge in electric steel making without affecting the steel quality. Due to known chemical composition, it enables accurate prediction of end point analysis beginning with continuous feeding of sponge iron. Also, the productivity is increased due to uniformity of size.

The iron present as oxide in this material reacts with bath carbon resulting in vigorous boiling action promoting better heat transfer and accelerated slag/metal interactions during electric steel making. Due to this, the bath homogeneity improves resulting in achievement of lower hydrogen and nitrogen contents in steel.

Sponge iron has also partially substituted scrap as coolant in oxygen steel making. Even in blast furnace iron making, it has been successfully used to the tune of 150 kg/ton of hot metal without affecting

The reasons for the tremendous growth of the sponge iron industry world over could be attributed to the advantages of using sponge iron in electric arc furnaces, partly substituting scrap, the conventional charge to the furnaces. Further, the use of sponge iron in other steel manufacturing processes has also been well proven.

The advantages of sponge iron use in EAFs are summarized below:-

1. Uniform known composition
2. Low levels of residuals/tramp elements
3. Capability to maintain phosphorous level in steel within 0.002%
4. Maintenance of sulphur in steel by its removal in sponge manufacture.
5. Low content of dissolved gases
6. Uniform size and higher bulk density as compared to scrap
7. Capability of forming protective cover of foamy slag in the bath
8. Lower refining requirements of steel produced
9. Potential of sensible heat recovery from waste gases
10. Possibility of producing variety of steels

Direct-reduced iron (DRI), also called sponge iron, is produced from direct reduction of iron ore (in the form of lumps, pellets or fines) by a reducing gas produced from natural gas or coal. The reducing gas is a mixture majority of Hydrogen (H<sub>2</sub>) and Carbon Monoxide (CO) which acts as reducing agent. This process of directly reducing the iron ore in solid form by reducing gases is called direct reduction.

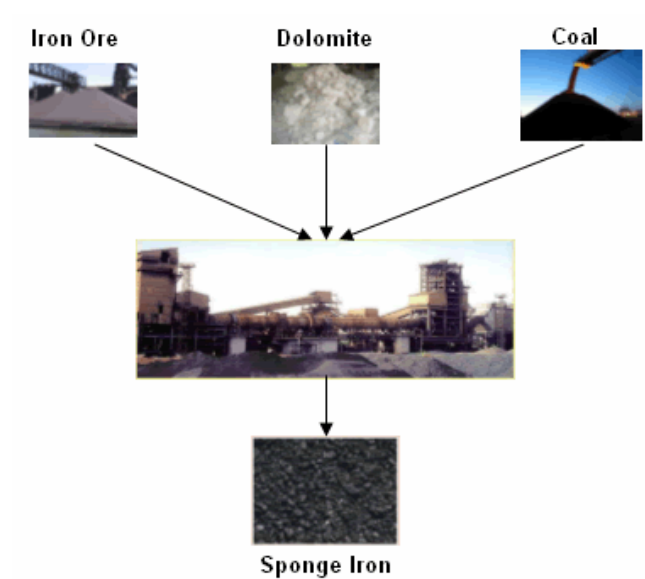
The conventional route for making steel consists of sintering or pelletization plants, coke ovens, blast furnaces, and basic oxygen furnaces. Such plants require high capital expenses and raw materials of stringent specifications. Coking coal is needed to make a coke strong enough to support the burden in the blast furnace. Integrated steel

plants of less than one million tons annual capacity are generally not economically viable. The coke ovens and sintering plants in an integrated steel plant are polluting and expensive units.

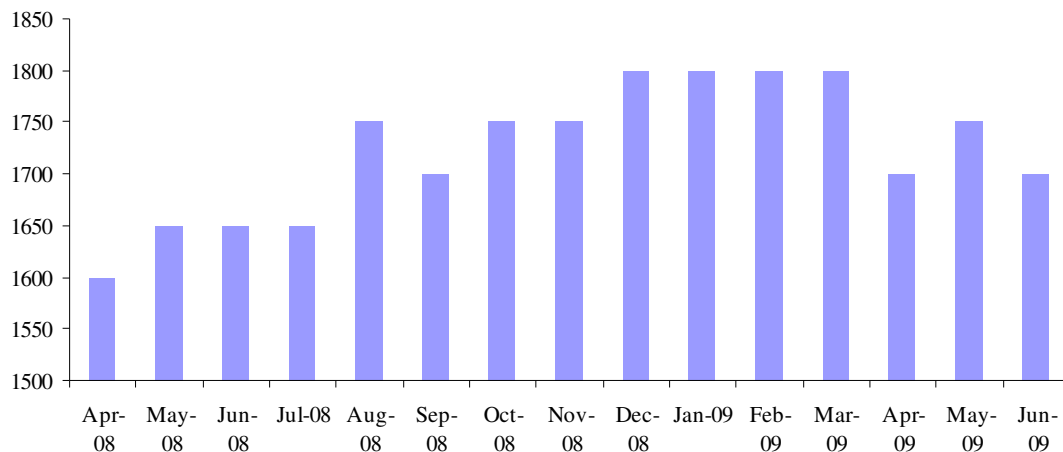
Sponge iron is not useful in it, but can be processed to create wrought iron. The sponge is removed from the furnace, called a bloomer, and repeatedly beaten with heavy hammers and folded over to remove the slag, oxidize any carbon or carbide and weld the iron together. This treatment usually creates wrought iron with about three percent slag and a fraction of a percent of other impurities. Further treatment may add controlled amounts of carbon, allowing various kinds of heat treatment (e.g. "steeling").

Today, sponge iron is created by reducing iron ore without melting it. This makes for an energy-efficient feedstock for specialty steel manufacturers which used to rely upon scrap metal

#### Basic Process



#### Domestic Sponge Iron production (in Thousand Ton)



Source: ISI Emerging Markets CEIC Data

#### End User Consumption

Sponge Iron is used as substitute for steel scrap while producing steel through the electric induction furnace route. Sponge iron is not useful in it, but can be processed to create wrought iron. Sponge Iron is also used in the manufacture of Mild steel billets

#### Indian Re- Rolled products Industry

There are approximately 2600 Re-rolling Mills in India out of which approximately 1800 Re-rolling Mills are working inclusive of scrap re-rollers in India. This sector is self-sufficient in producing various common as well as most typical steel sections in their mills. The TOR steel, the flats, squares, special window sections, thinner size HR strips, thinner gauge HR strips, hexagons, wire rods, angles, channels, H-Beams, I-Beams, tele-channels etc are some of the products of this sector.

The estimated domestic demand of the re-rolled products has been estimated at about eight million tonnes. The industry has catered thousand and thousand tonnes of its products to core projects, dams, State Electricity Boards and other infrastructure projects in the country. The steel re-rolling industry caters to the needs of the domestic field up to the tune of 68 per cent of the total requirement. 80 per cent of the total exports of rounds and bars has been recorded from the secondary steel producers.

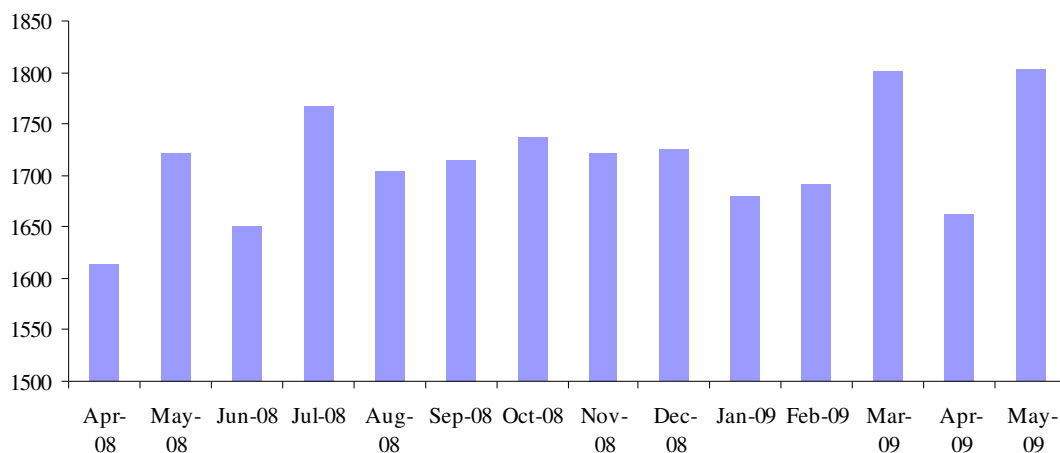
(source:[http://steelguru.com/directory/detail/Directory\\_of\\_Re-Rolling\\_Industry\\_in\\_India.html](http://steelguru.com/directory/detail/Directory_of_Re-Rolling_Industry_in_India.html))

TMT Bars is a technological advancement for production of high strength deformed steel bars for concrete reinforcement .Higher strength is obtained by thermo mechanical treatment while the carbon content is brought down , leading to improved ductility

The bars come in different lengths, in sizes of 11 to 12 meters and can be customized to the required specifications. TMT bars that have uniform and concentrated hardened periphery and the softer core will have the desired tensile strengths coupled with high elongation as required in seismic zones. Depending on the size and grade, re-bars with hardened periphery of about 15 to 30 per cent of the cross sectional area of the bar are ideal for civil constructions (constructions of houses, offices, etc.)

The important feature of TMT bars is enormous cost saving in construction which gave the Indian construction industry a much needed boost. The products conform to almost all major international standards and find wide usage in the construction of multistoried buildings, dams, bridges, flyovers and power plants as a basic reinforcement material.

#### Domestic Steel Production: Iron and Steel: Bars and Rods (in Thousand Ton)



*Source: ISI Emerging Markets CEIC Data*

## **Consumption**

Construction industry is a major user of TMT bars. The Indian construction industry, an integral part of the economy and a conduit for a substantial part of its development investment, is poised for growth on account of industrialization, urbanization, economic development and people's rising expectations for improved quality of living. Construction constitutes 40% to 50% of India's capital expenditure on projects in various sectors such as highways, roads, railways, energy, airports, irrigation etc.

## **FLOUR MILLING INDUSTRY**

### **Historical Development**

The milling of flour from grain has its origins in the early history of all major civilizations. It is generally regarded as the oldest known industry. The basic milling technique was to grind the grain between two stone surfaces. This enabled the tough fibrous bran skin to be separated from the endosperm, which then was ground into a fine powder. This method, utilizing saddle stones or pestles and mortars, appears to have developed independently in a number of areas around the world.

The progression from these simple implements to rotary stone mills occurred in Europe, the Middle East, Central Asia and the Far East. The size of the mill stones increased in the middle Ages as animal, water and wind power was harnessed.

White flour as we know it today was first produced in Hungary and Germany in the 18th Century. It became so popular that the exported product sold in Europe for up to ten times the value of unrefined wholemeal. White flour was manufactured by arranging a number of stone mills to form a series of grinding passages. The grinding severity of each passage was adjusted so that the grain was broken down progressively, and in this way the separation of bran skin from endosperm was enhanced. Primitive purifiers were introduced in 1810 to remove bran from intermediate stocks, and the remaining material, which had high endosperm content, was ground into white flour on additional stone mills. The process was referred to as the 'Gradual Reduction System of Milling'.

In modern flourmills, millstones have been replaced by steel rollers. Old style reel sifters have been replaced by modern plan sifters. The design of purifiers has been radically improved, and many new ancillary machines have been incorporated into the milling system. The same basic principles of the Gradual Reduction System of Milling, however, are still universally employed. Even the world's most advanced flourmills are still utilizing processing technology that was fully developed as long ago as 1930. The flow diagrams of flour mills in all countries have been made progressively less complex over the last fifty years, with the exception of the Japanese flour milling industry, which produces exceptionally white flour of very low ash (or mineral) content.

The development of the flour milling industry has been associated with advances of equipment design, which has improved operating capacity and efficiency, but no major technological breakthrough has occurred.

### **Demand Estimates**

Roller flour Mills is more sophisticated, refined, organized and efficient way of grinding wheat. It gives better quality following products.

- a) Maida
- b) Suji/Rawa
- c) Atta
- d) Wheat Bran (By product)

The wheat position in the country has been comfortable because of high production and it is available to the industry in the open market to meet its needs in the immediate future. The transport bottlenecks with regard to the availability

of railway rakes and wagons have eased. The industry is therefore not unduly worried presently about the supply of wheat for its needs.

#### **Expected Trends in Population:**

<b>Year</b>	<b>Expected population (million nos.)</b>
2000	996.9
2001	1012.4
2002	1027.6
2003	1043.5
2004	1060.0
2005	1076.9
2006	1094.1
2007	1111.4
2008	1128.6
2009	1145.5
2010	1162.3
2011	1178.9
2012	1195.0

*Source: India 2001-2002 – Observer Statistical Handbook*

Considering the same standard of living (this is the most conservative estimate), i.e. considering the same per capita consumption, the expected requirement of wheat in future

#### **Expected Wheat Requirement**

*Basis: Per Capita consumption of 60 Kg. per year per person.*

<b>Year</b>	<b>Expected requirement (million tons)</b>
2000	59.81
2001	60.74
2002	61.66
2003	62.61
2004	63.60
2005	64.61
2006	65.65
2007	66.68
2008	67.72
2009	68.74
2010	69.74
2011	70.73
2012	71.70

Bakeries are the largest consumer for wheat flour. Other consumers are Hotels & Restaurants, Canteens of big industries, military establishments, Govt. purchase and Grocer (Kirana) shops. Bran produced from flour Mills can be sold to units manufacturing cattle feed.

The production of bread and biscuits has been growing at very rapid rate as it is gaining acceptance in Indian market.

Apart from bakery products, there are many other food items like sweets, macaroni, spaghetti and vermicelli etc. All these products also need wheat flour as raw material. The shops of halwais and units making instead food mix like gulabjamun mix, Jalebi mix, Vada mix, Dosa mix etc. can be major buyers for products of roller flour mills. This

market is also highly fragmented but has very substantial requirements. It is estimated that total demand of wheat flour for such units would be round 20,000 tons per annum. With increasing urbanization the population of major cities is looking for more and more convenience. Off the shelf bags of atta, maida and suji with popularized brand names can give rise to a very big consumer market.



## OUR BUSINESS

### BUSINESS OVERVIEW

*Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian GAAP set forth elsewhere in this Draft Prospectus. In this section only, any reference to “we”, “us” or “our” refers to Gallantt Ispat Limited.*

#### Overview

Our company is one of the growing companies in Uttar Pradesh engaged in the manufacturing and marketing of Sponge Iron, Mild steel billets, Re-Rolled products (TMT bars and Mild Steel Structural) and Flour.

Our Company was incorporated in February 2005 at Kolkata and is promoted by Mr. Chandra Prakash Agrawal, Mr. Prem Prakash Agarwal, Mr. Nitin M Kandoi, M/s Chandra Prakash Agarwal & Sons HUF and M/s Gallantt Metal Ltd.

Our Company was incorporated with a view to setup an integrated steel plant and modern roller flour mill at Sector-23, GIDA, Sahjanwa, Gorakhpur- Uttar Pradesh, to manufacture Sponge Iron, Mild steel billets, Re-Rolled products (TMT bars), flour. Considering the power requirements of our existing manufacturing facilities, our Company also proposes to setup a captive power plant to meet its present requirement of power.

Our Company has already commenced commercial productions for Mild steel billets, Re-Rolled products (TMT bars) in May 2009 and flour in March 2009. Our Company also proposes to expand its business into Sponge iron production.

Our Company has appointed M/s Industrial Technical Consultant, Raipur (ITCR) as its technical consultant for the proposed Sponge Iron Plant, M/s Akal Sahae Engineers for the Rolling Mill Division and M/s. Avant Garde Engineers and Consultants Pvt. Ltd., Chennai (AGECPL) has been appointed for the Captive Power Plant. In case of Mild steel billets, M/s Gallantt Metal Limited, our promoting Company, has already developed a technical team at its existing Gorakhpur plant and Bhuj, Gujarat plant. The same team has been utilized for setting up the Mild steel billets plant.

The in house consumption of entire Sponge Iron to manufacture billets which is further rolled into TMT bars along with installation of captive power plant to utilize the waste heat would improve the profitability of the project thereby making it economically more viable.

At GIL, success is measured in terms of customer satisfaction and quality that is built into every product. The value of commitment to quality is also cherished by each of the 256 staff members. Our Company has met standards of Bureau of Indian Standards and has received the IS 1786:2008 certification for high strength deformed steel bars for concrete reinforcements (TMT).

Setting up the integrated steel plant and flour mill in Gorakhpur, Uttar Pradesh also provides our Company with benefits like Interest free loan equivalent to Sales Tax Amount for a period of 15 years, Transport subsidy for 15 years, 20% subsidy of fixed capital investment, 5% additional subsidy of fixed capital investment being first unit under this scheme and Exemption of Mandi tax-2% on wheat purchase, among other benefits.

## **COMPETITIVE STRENGTHS**

### ***Management Expertise***

Our Promoters have been engaged in the food grain business for more than two decades, and in steel manufacturing business for more than a decade. Other than Gallant Ispat Limited, the group comprises of two other companies namely, Gallant Udyog Limited (GUL) and Gallant Metal Limited (GML). GML, incorporated in 2005, is based in Gujarat, and has integrated steel manufacturing operations. Our promoters, over the years, have gained experience in setting up and operating integrated steel plants as well as flour mills. The established position of the group companies in the local markets has also resulted in an established customer base and a supplier network in Uttar Pradesh, Chattisgarh, Bihar, and Madhya Pradesh. In addition to our Promoters, We have a professionally managed team with technical experts in respective fields and as more specifically detailed in the paragraph titled '*Key Managerial Personnel*' on page numbers 166 of the chapter titled '*Our Management*' of this Draft Prospectus.

### **Strong Brand Recognition**

Our Company forms a part of the Gallant Group. The Gallant Group is already engaged in the manufacturing of steel products in Gorakhpur, Uttar Pradesh, selling its product under the brand name Gallant and has successfully marketed their products in Northern India. Our Company proposes to sell its products in Uttar Pradesh and the surrounding areas wherein it has already established considerable brand recognition.

### **Our Quality Certification**

Our Company has met standards of Bureau of Indian Standards and has received the IS 1786:2008 certification for high strength deformed steel bars for concrete reinforcements (TMT). Since our Company is dedicated towards quality of products, processes and inputs, we get repetitive orders from our customers, as we are capable of meeting our quality standards thereby enabling us to maintain our brand image in the market

### **Cordial Relationship between management and labour**

We enjoy cordial relations with our employees and there has been no union of employees. Further, there have been no strikes, lock-out or any labour protest in our organization since the incorporation of our Company.

### **Captive Power plant**

Power is an important factor in every manufacturing facility. Considering the power requirements of our existing manufacturing facilities, our Company also proposes to setup a 16 MW captive power plant to meet its present requirement of power. Captive power plant will give us the stable and uninterrupted power supply which is very crucial in manufacturing of our products. Uninterrupted power supply helps to avoid any delays in manufacturing process thereby ensuring complete utilization of our capacities.

### **Expected High Operating Efficiency**

The Company's steel plant is proposed to be fully integrated. The sponge iron manufactured will be used captively as raw material by the SMS plant to manufacture Mild steel billets. These Mild steel billets will further be used to manufacture TMT Bars and Structurals. Thus every units finished product will be acting as a raw material for the next unit. Our Company is setting up a 16 MW Captive Power plant will generate power from waste heat of sponge iron plant and also from FBC through D grade coal/ cane bagas/rice husk, which will feed the power requirement of the project and will totally be used for captive purposes. Due to total integration, the company as a whole can reduce its cost of production and achieve better profitability. The company can sustain/absorb adverse market situation during cyclical recession. The steel industry is highly power-intensive and captive power plant, which has low cost per unit will lead to significant cost saving.

### **Government Incentives & Subsidies**

The State Government of Uttar Pradesh has granted facilities to industries being set up in Uttar Pradesh with investment of above Rs. 100.00 crores. The incentives were originally granted vide G.O. Numbers 1502/77-6-2006-10 Tax/04 dated 1.6.2006 which have been elaborated in G.O. Numbers 2941/77-6-2006-10 Tax/04 dated 30.11.2006 and further amended from time to time.

The incentives available under the scheme are capital subsidy, infrastructure subsidy, transport subsidy and interest free loan in lieu of trade tax.

#### *Capital Investment subsidy*

Capital Investment subsidy shall be available @ 10% of the fixed capital Investment on projects with fixed capital investment of more than Rs. 100 crores but up to Rs. 200 crores and @ 20% of fixed capital Investment on the projects with fixed capital investment of more than Rs. 200 Crores. Further fixed capital investment made (within same premises or any other location in the State) within 3 years from the specified date of May 31, 2009 would also be included in calculating the amount of subsidy. Further 5% additional capital subsidy shall be available to the first unit in the Bundelkhand or Purvanchal region.

#### *The Infrastructure subsidy*

The Infrastructure subsidy shall be available on actual expenditure incurred on creation of infrastructures. The entitlement for Infrastructure Subsidy shall be equivalent to the actual expenses on infrastructure subject to maximum 10% of the total fixed capital investment of the project.

#### *Transport subsidy*

Transport subsidy shall be available for a period of 15 years in respect of imports of raw material from outside the state of Uttar Pradesh up to the factory premises. The entitlement of transport subsidy shall be 100% of the actual transport expenses. The maximum amount of Transport Subsidies is 150% of Rail Tariff for equal distance. The details of transport expenses towards availment of transport subsidy shall be submitted on quarterly basis to PICUP. Total amount of capital subsidy and infrastructure subsidy shall not exceed Rs. 250 crores and that total of all the subsidies would not exceed 100% of fixed capital investment.

#### *Interest free loan*

Interest free loan shall be available of equivalent amount of tax liability for 15 years in case of fixed capital investment of Rs. 100 crores. The repayment of loan shall be after 7 years. However, in case of capital investment of Rs. 100 crores, the unit can exercise the option of repayment of interest free loan in lump sum (in single installment) immediately after 15 years. In such cases the interest free loan amount shall not be more than 100% of the fixed capital investment/additional fixed capital investment in the project.

Further fixed capital investment of more than Rs. 200 crores will also have one of these options or can exercise options of repayment of interest free loan after 10 years (in single installment immediately after 17 years) subject to the condition that net present value of amount of interest free loan is not more than 100% of investment/additional investment in the project.

#### *Other benefits:*

1. Land on actual cost and concessional rates of registration.
2. Entry Tax exemption on plant & machinery, spare parts and capital goods.
3. Exemption of mandi tax of 2% on purchases of wheat.

#### **Location Advantage**

Company has already taken possession of 112.695 acres of the land required for the project on a 90-year lease from Gorakhpur Industrial Development Authority (GIDA). The project site of the Company is situated at Gorakhpur Industrial Development Authority (GIDA), Sahjanwa, Gorakhpur, Uttar Pradesh wherein all the required

infrastructural facilities are available and the project site at this place has been selected keeping in view the availability of the following facilities:

1. The site has an advantage of an industrial policy of the state government. The policy says of providing certain benefits/incentives as mentioned hereinabove, to units which invest Rs. 200 Crore within a period of six years.
2. The site is ideally suited from the point of view of raw material availability and marketing.

#### Connectivity:

The site is also well connected with all type of transportation.

National Highway: The site is on NH 28.

Railway Station: The site is just 1 km away from the Sahjanwa

Railway Station / Railway Siding: Site is adjacent to Railway line and company is constructing its own siding within factory premises.

Air Port: Gorakhpur Airport is 20 Kms away from the factory site

Thus, the location of the site will be advantageous to the company in transportation of Raw materials as well as the Finished Products.

### **BUSINESS STRATEGY**

The key components of our strategy to drive profitable growth and to maximize value are to continuously enhance customer satisfaction, attract, develop, and retain qualified employees, and maintain stringent standards of environmental safety and corporate responsibility.

#### **Our Vision**

Our vision is to make GIL a trusted brand name by:

- Creating a distinct status for ourselves in the Integrated Steel business.
- Driving growth through both organic & inorganic initiatives.
- Keeping shareholders' interests at the core of business and put customer satisfaction on top of the agenda.

Keeping in view the above, our Company has devised certain strategies to take the advantage of the growing Iron & Steel Industry, as described below:

#### ***Sales and Marketing***

The sales and marketing strategy is based on building upon strengths and results already achieved. Accordingly, our strategy is to consolidate our position in Uttar Pradesh and penetrate in other northern, western and eastern parts of the country. In parallel, we would also strive to build credible partnerships as an entry strategy and build on the same for a full-scale penetration in future.

#### ***Continued focus on consistently meeting quality standards so as to ensure product acceptance by customers***

We have created a reputation with our suppliers who can consistently supply quantity without compromising on the quality and delivery schedules. We intend to continue to focus on this. As we are using one of the best technologies in products manufactured by us, we intend to continue this for the new projects of our company as well.

#### ***Focus on expansion of capacity so as to attain economies of scale***

To maintain our position in the Iron & Steel Industry, our company is aiming to enhance and optimize our manufacturing capacities of our product to cater to the northern regions of India. This is in line with our belief that

maximum values can be created by way of making products at the locations where customers/markets currently exists or will grow in future.

### ***Mix of Organic and Inorganic Models of Growth***

Our strategy so far had been organic growth. At this stage of our business, we believe that a combination of organic and inorganic models will help us continue to grow. Strategic acquisitions would help us in leveraging complementary skills to capture market opportunities as well as reduce time-to-market and accelerate growth.

### ***Continue to Focus on Training and Motivating Our Work Force***

Our Company will strongly continue its policy of training its work force with adequate product knowledge, market knowledge and above all the application of knowledge to the industry. Our Company shall always focus on narrowing the hierarchy for free and transparent two-way communication between management and employees for better exchange of ideas, views and opinions for maintaining good competitive work atmosphere at all levels.

### ***Our overall business strategy shall be to***

- Maximize revenue through capacity expansion and increase in efficiency
- Reduction in cost of borrowing
- Enhancing production efficiency and minimize process losses
- Reduce operational costs and be cost competitive
- Have a consumer centric approach
- Deliver value for money to our clients
- Adopt best practices in all functions and processes

### **Our Mission**

Our mission is to:

- To offer at affordable prices, a range of products that eliminates manual labour, save time and energy and add to comfort and enjoyment.
- To manufacture products that meets international quality standards and provides trouble-free performance.
- To continuously innovate and add value to products, if needed to be through technical collaboration.

### **Our Products**

- 1) Sponge Iron
- 2) Mild steel billets (Steel Melt Shop)
- 3) Re-rolled Products (TMT)
- 4) Flour
- 5) Captive Power Plant

#### **1) Sponge Iron**

Our Company is setting up a sponge iron facility with a capacity of 99,000 MTPA. Our company intends to start commercial operations of this product by June, 2010.

Sponge Iron is an iron product that is obtained by reduction (elimination of oxygen) of iron ore, without melting it in a blast furnace. Sponge Iron is an intermediate iron product used as substitute for steel scrap while producing steel through the electric arc furnace route. Entire Sponge Iron would be consumed in-house for manufacturing of billets.

The major usage of sponge iron is the production of steel through Induction Furnace (IF) / Electric Arc Furnace (EAF) and accordingly, the demand of sponge iron is closely related to the growth of secondary steel sector.

Our Company proposes to manufacture sponge iron from iron ore through the direct reduction method. The process consists of the reduction of iron ore using solid carbonaceous material like coal/coke/lignite in a rotary kiln at high temperatures and then cooling the same to room temperature in the rotary cooler with indirect water-cooling system. It would be then subjected to screening and magnetic separation since Sponge iron being magnetic gets attracted and separated from the non-magnetic char.

The process for the production of sponge iron consists of the reduction of iron ore with solid carbonaceous material (coal/coke/lignite) in a rotary kiln at high temperature, cooling to room temperature in the rotary cooler with indirect water cooling system, screening and magnetic separation of the product. Sponge iron being magnetic gets attracted and separated from the non-magnetic char.

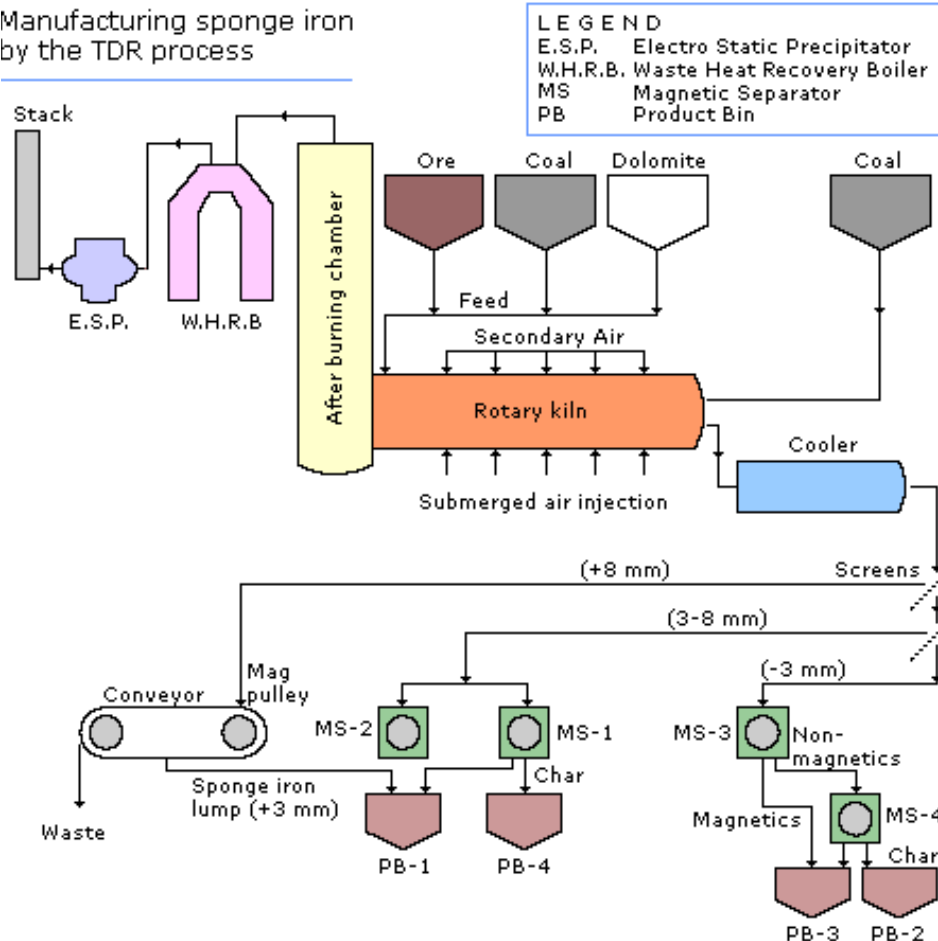
In the process of production of sponge iron, the raw materials like iron ore, feed coal and lime stone/dolomite are fed to the rotary kiln through fed tube in a pre-determined ratio by electronic weighing equipment. Rotary kiln is generally of 3.0 mts. in diameter and 42 mts. long and is inclined at an angle of  $1.432^\circ$  approximately. Due to inclination and rotary motion of the kiln, the material moves from the feed end of the kiln to the discharge end in approximately 5.5 hrs., which is known as the Tendency time. With the rotation of the kiln, the charge moves down the slope and the surface of material is exposed to heat. The material and the hot gases move in the counter current direction and as a result iron ore gets pre-heated and gradually reduced by the time it reaches the discharge end.

After completion of the reduction, the hot material is transferred to the rotary cooler via the transfer chute. The water is sprayed on the top of the shell, which cools the material inside the cooler indirectly. The heat is transferred from the shell to the water by convection. By this material gets cooled to  $80^\circ$  and is discharged on the belt conveyor by the double pendulum valve. The double pendulum valve acts as the seal for the prevention of the atmospheric air into the kiln cooler system.

The material after the discharge from the cooler is dropped on to the cooler discharge conveyor. A diversion chute is provided at the head end of this conveyor for diversion of the material in case of break down in the production separation. The material is then sent to the product separation system. The material is then sent to the product separation system. In product separation system, which consists of double deck screen, the material is screened to 0-3mm and 3-20mm size fractions. The screened product i.e. +3mm to 200mm is subject to the magnetic separation. The magnetic fraction of 3 to 20mm is stored in separate product storage bins. This magnetic fraction is called the sponge iron lumps and the non-magnetic as char, which is the unburned coal. This char may be recycled depending upon the quality obtained after processing.

## PROCESS FLOW FOR MANUFACTURING SPONGE IRON

Manufacturing sponge iron by the TDR process



### Advantages of Sponge Iron in Steel Making

The traditional raw material for Induction Furnace (IF) as well as Electric Arc Furnace (EAF) is Ferrous Scrap. Due to the limited availability of indigenous scrap, India needs to import large amount of shredded scrap. However, imported scrap is basically shredded automobiles and other household appliances, which contains a high percentage of tramp elements. These tramp elements cannot be removed in the steel making process. For production of ordinary steel, the presence of tramp element is not a major problem. But mini steel plants are shifting towards production of alloy steel, rolled products and flat products, where high percentage of tramp elements in scrap is not acceptable. Thus, for quality control reasons, most of the steel plants are using higher proportion of sponge iron.

### Advantages of Sponge Iron

- Increased productivity due to shorted tap-to-tap time.
- Reduced refining time
- Simultaneous melting and refining with continuous charging
- Faster metallurgical reactions
- Improved more stable power consumption
- Less electrode consumption due to stable power
- Less refractory consumption due to fewer hot spots in the furnace
- More precision in composition of steel
- Advantage of better quality
- High degree of metalisation (upto 92%)

- Consistent chemical composition
- Deep drawing steel grades can be produced in Electric Arc Furnace
- Flat products and Alloy Steels of International standards can be produced in Electric Arc Furnace
- Reduction in number of off grade heats
- Better product surface

#### ***Other Advantages***

##### **More Uniform Size**

More uniform size of sponge iron compared to scrap leads to mechanical handling and continuous charging, which in turn improves the productivity.

##### **Vigorous boil of the bath**

The unreduced iron oxides present in the sponge iron reacts with the carbon present in the bath, which greatly improves bath heat transfer and slag metal mixing, resulting in acceleration of the metallurgical reactions relative to normal scrap melting. This improves the homogeneity of the bath and further results in lower nitrogen and hydrogen contents in the steel. This is a definite advantage in the case of manufacturing of quality steel.

#### **2) Mild steel billets (Steel Melt Shop)**

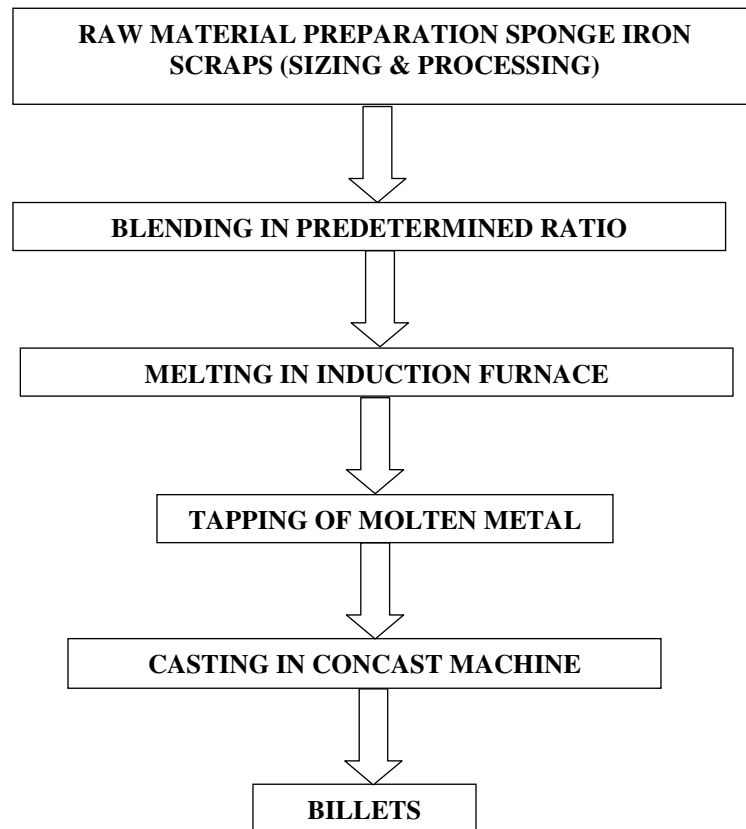
Our Company has already started commercial production of Mild steel billets (Mild Steel Billets) in May 2009 with a capacity of 1,62,380 MTPA.

The billet being a semi-finished product is used for further processing for production of suitable products. It is used as a feedstock to rolling mills for production of long products like wire rods, bars/rods and light structural. Billet is also used extensively in forge shops and machine shops for production of engineering goods and also as feedstock for seamless tubes. Our Company would be consuming entire Billets in-house for manufacturing rolling products. Currently, our company manufactures billets in the sections 160\*160 mm, 130\*130 mm and 100\*100mm.

The product envisages steel melt shop facility through Induction Furnace route along with Ladle refining furnace and continuous casting machine. The process of manufacturing billets involves charging mix of raw material, mainly Sponge iron (60%) and Cast Iron Scrap/ Mild Steel Scrap (40%) into molten bath with constant power track, by which, heat transfers into molten bath at constant voltage and KW to melt the Iron and Steel at a temperature of 1550°C.



## PROCESS FLOW FOR MANUFACTURING MILD STEEL BILLET



### Charge Mix

Sponge Iron is being mixed with M.S. Scrap/C.I. Scrap, which are less rusty. Hot liquid metal contains higher carbon

. Higher carbon percentage should be used for sandwiching Sponge Iron. Sponge Iron contains less percentage of carbon and cast iron with high percentage of carbon makes the mix charge perfectly to melt. The agitation of Furnace is so high that the sponge iron takes little time to attain molten metal status. The reactive slag formed in one bath attains the same temperature that of molten metal so quickly that by addition of sponge iron into bath, nothing is held by slag. Sponge charging should be discontinued once the metal bath level attains two third height of crucible. The planning should be made in such a way that whatever sponge iron is to be charged would be consumed before the metal level attains two third heights.

As soon as a pool of molten metal starts to form, the charge sinks and extra metal, as required, is being added. The current induced in the molten metal causes a rapid stirring action and helps in melting the rest of charge by washing molten metal. Thus the uniformity of mixing the charge is assured and necessity of any manual stirring is avoided.

As soon as the mix charge is completely mixed, necessary Ferro Alloys and de-oxidizers are added and as the correct pouring temperature is achieved the hot metal is poured with the hydraulic system in the pre-heated ladle, after adding certain fluxes so that the temperature is maintained at about 1600 degree centigrade. Ladle is then carried by EOT crane to the Concast machine and kept above the tundish of the Concast machine. The bottom of the ladle is opened by hydraulic system and hot metal starts pouring out into the Concast machine. Through tundish, it passes through copper moulds. Copper mould gives the particular desired shape. To initiate casting, a dummy bar is inserted into the bottom end of the mould, while the other end of the dummy bar is held by withdrawal/straightening rolls when the molten steel at the correct temperature reaches the stipulated level inside the mould, the withdrawal rolls and mould reciprocating units are operated. The cooling water circulation through the mould (primary cooling) and

in the secondary circuit started a few minutes before the actual casting operations. The dummy bar is withdrawn followed by the hot solidified billet. The cooling water circulating around the mould carries away enough heat from the liquid steel to produce a solid outer skin of sufficient strength to safely envelope the liquid steel to produce a solid outer skin of sufficient strength to safely envelope the liquid portion at the interior that will be solidified by the secondary cooling, which, consist of spraying of water jets on the body of the billet. Before beginning to withdraw the dummy bar it must be insured that the outer casing of the billet is strong enough otherwise a rupture in the skin may occur resulting in a break out which releases the molten metal and forces a shut down of the operations. The solidified billet further passes through straightening machine, cut to required length and sent to the cooling bed through the roll conveyor system. The sized billets are lifted by rectangular magnets to finishing yard for inspection and storage/dispatch.

### **3) Re-rolled Products - TMT Bars & Structural Mill**

Our Company has already started commercial production of Re-rolled Products (TMT Bars) in May 2009 with a capacity of 1,67,400 MTPA.

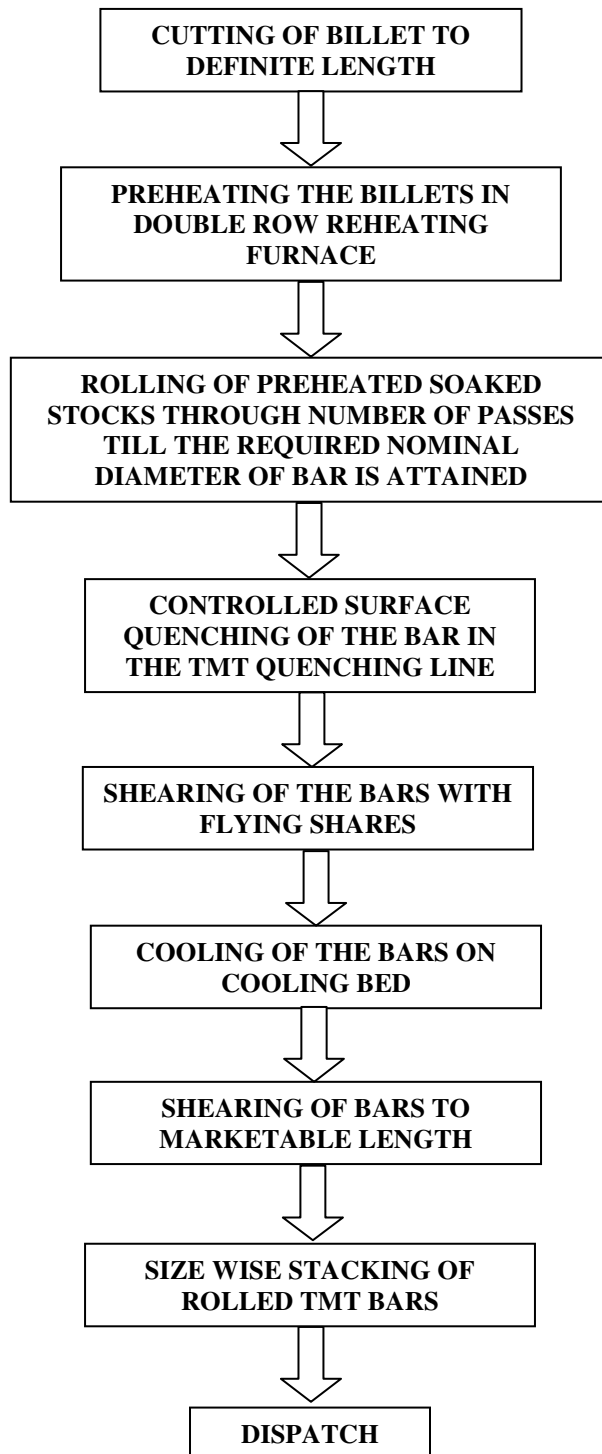
TMT bars are hot rolled round bars/rods with indentations/ribs normally supplied in straight length or in folded bundles. Construction and Infrastructure – two high growth sectors in the country are the primary consumers of bars. Currently, our Company manufactures TMT Bars of 8mm to 32 mm diameter. Further, our Company proposes to install a structure mill which will provide multi-products like Channel, Angles, Strips, Rounds in addition to bar which will enhance our product range.

Thermo Mechanically Treated (TMT) bars are protected by past rolling thermo process. There are two known technologies, which were independently developed in Europe and later recognized globally. These are the Thermo and Temporal Processes. Thermo processing of steel bars results in higher strength with better ductility than that offered by the Cold Twisted Deformed Process.

The process involves converting the shape stock viz. Ingots/billets to desired finished section in hot condition by way of passing the material between a pair of grooved rolls and providing suitable draft at various stages. The whole operation is conducted at a particular temperature range and within a limited time span. The stages of rolling operation are comprised of heating of feed stock to rollable temperature, rolling the feed stock on different mill stands, cropping the hot bar during process of rolling between stands as applicable and subsequently finishing in the form of hot rolled deformed bar in straight length. The hot bar coming out of last pass is then conveyed through TMT line and collecting in a cool bed after shearing. The bars at almost ambient temperature are sheared to commercial length stored and kept ready for dispatch.

In TMT process, hot bars are subjected to quenching by means of an intense cooling installation (cooling installation specially designed water spray system). Due to quenching, the surface layer will hardens to martensite while the core structured remains austenite. When the bar is free of water chamber heat flows from core to surface and surface gets tempered to structure called Martensite. In the cooling bed due to atmosphere cooling, the hardened zone is tempered by temperature homogenization in the cross section and the austenite core is transferred to Ductile-Ferrite-Pearlite core. A dual combination of micro structural features in the cross-section of the bar gives it excellent yield strength along with superior ductility and weld-ability. Since the desired level of strength in TMT is achieved by heat treatment and not by increasing carbon content, it offers excellent weld-ability, ductility and earthquake resistance. Due to the stability of the microstructure of the bars at high temperatures, these bars exhibit good fire resistance.

## PROCESS FLOW FOR MANUFACTURING TMT BARS



#### **4) Wheat Flour products**

Our Company has already started commercial production of Flour for domestic consumption in March 2009 with a capacity of 1,08,000 MTPA. Our Company proposes to expand its capacities by another 72,000 MTPA taking the total capacity to 1,80,000 MTPA. Our current product portfolio for the food grain business include wheat flour products like atta, maida, suji and bran. Our products are sold across northern markets like Uttar Pradesh, Bihar, West Bengal etc in the brand name of “Gallant”.

#### **Process Selection**

Roller Flour Milling is a relatively new method of Milling of wheat for human consumption. It has definite advantages over conventional Atta Chakki or Stone Crushers. The advantages are as follows:

- (a) The elaborate cleaning and sieving process improves the quality of the end products considerably whereas the elaborate cleaning and sieving is absent in Conventional Process.
- (b) Chilled Cast Iron steel rollers used for crushing the wheat does not increase the sand and grit content and temperature in the end products as in the case of stone crushers.
- (c) Very large volumes can be handled per day because of the highly automated process, which helps to reduce costs.
- (d) All the three end products like Atta, Suji and Maida can be simultaneously produced.

#### **Process Description**

The whole wheat milling process is mechanical process and consists of a series of grinding and sieving operations. After each sieving operations, products of a particular quality is drawn and the residue is recycled for further grinding or milling.

A roller flour mill can be broadly divided into three sections, i.e.

- a) Preparatory / Cleaning Section
- b) Milling Section
- d) Flour Bagging and Weighing.

#### **A. Preparatory / Cleaning Section**

In this section elaborate arrangements are made for thorough cleaning of the whole wheat. The wheat that is procured in bags contain numerous impurities such as sand and silicates, metal pieces, mud lumps, chaff, gunny pieces, full wheat corn, husk and dirt etc. Old stocks of wheat also contain other impurities such as insects and half eaten dead wheat. The presence of the above impurities is harmful to human health. The whole of the preparatory section is devoted to the removal of these impurities and conditioning the wheat to make it suitable for milling. The whole process of cleaning is an automatic process and consists of washing by water primary sieving for removal of large sized impurities and dust particles, brushing for removal of dust adhering to the surface of the grain, removal of metal impurities by passing the wheat through a series of magnets. At the end of the cleaning operation, the clean wheat suitable for the milling operation is stored in very large grains silos. The grain should be kept in the silos for several hours for conditioning before milling.

#### **Pre Cleaner**

##### Application

To start with, the wheat is charged into pre-cleaner machine to remove different types of impurities.

Classifier Separator with Aspiration Channel

##### Application

- Grain cleaning in pre-cleaning
- Grain cleaning in the main cleaning

### **Dry Stoner**

#### Application

This machine is used for the continuous removal of stones having the same size of grain from a stream of granular material.

### **Cockle Cylinder**

#### Application

The Cockle Cylinder is applied in the winnowing plant of the Mill. They are designed for winnowing by method of seat type separation from the wheat all round impurities such as; cockle, broken wheat, dead wheat etc are thus totally cleaned.

### **Scourer with Aspiration Channel**

#### Application

- As a scourer in the first cleaning stage
- As a scourer in the final cleaning stage

This machine is used for cleaning wheat to separate impurities such as dust, sand, small seeds etc.

- To remove dirt and husk adhering to the grain
- To reduce bacterial content
- To eliminate insects and insect fragments.

### **Automatic Dampening System NC6.2**

#### Application

Grains and other bulk materials requiring processing generally have to be conditioned, which is dependant on their moisture content.

For this reason an automatic dampening system is built in prior to the dampening system. This system controls the addition of the correct amount of water, ensuring that the moisture levels of the grains and final products remain constant.

### **Intensive Dampening Unit**

#### Application

This intensive Dampening Unit is designed for the Flour Milling Industry for uniform and intensive dampening of wheat in technological lines for preparing for Milling.

### **Screw Conveyor**

#### Application

- Conveying of wheat horizontally.
- Collecting & distributing wheat from & to bins respectively.
- Mixing of wheat & water after tempering.

### **Bucket Elevator**

#### Application

The belt bucket elevator is the ideal type of conveyor for vertical handling of wheat. The entire housing is made of sheet steel in compliance with international safety regulations. The erection and inspection covers can only be opened by means of tools.

## **B. Milling Section**

In milling section the clean and conditioned wheat is passed through a series of grinding and sieving operations. At the end of each sieving operation the grounded wheat is separated according to the different particle sizes.

The large particles are fed to the subsequent grinders where as the smaller particles, which are already suitable for finished product are, collected a marketable products. The three basic processes of the milling section are as follows:

#### **Grinding**

It is for fragmenting the grain or its parts with some dissociation of the anatomical parts of the grain from one another.

#### **Sieving**

It is for classifying mixtures of particles of differing particles size into fractions of narrower particle size range. The sieving process include:

- i) Scalping sieving to separate the break stock (the coarsest particles) from the reminder of break grind.
- ii) Dressing Sieving flour from coarser particles.
- iii) Grindin Classifying mixtures of semolina.

#### **Purifying**

It is for separating mixtures of bran and endosperm particles according of terminal velocity, by means of air currents.

### **C. Flour Bagging and Weighing**

The products then can be filled into bags by hand or mechanically. After filling of bags are weighed on weighing scales and stitched by stitching machine. The bags are then transported to the godowns for distribution, which are free from insects & other germs.

#### **5) Captive Power Plant**

Power is an important factor in every manufacturing facility. Considering the power requirements of our existing manufacturing facilities, our Company also proposes to setup a 16 MW Waste Heat Recovery Boiler (WHRB) based captive power plant to meet its present requirement of power. Captive power plant gives us the stable and uninterrupted power supply which is very crucial in manufacturing of our products. Uninterrupted power supply helps to avoid any delays in manufacturing process thereby ensuring complete utilization of our capacities.

#### **Advantage of the Captive Power Plant**

- The waste heat gases emitted out of the sponge iron plant and MBF will be utilized for generating power, thereby removing the need for installation of pollution control equipments.
- The company will be generating power from Non-conventional resources and hence may be eligible for carbon credits under the Clean Development Mechanism (CDM). This will also result into substantial economic benefits to our Company in the long term.
- The WHRB based power plant is comparatively less capital intensive than other conventional methods due to small size of the plant.
- Utilization of waste heat and waste fuel means conserving the limited conventional natural fuel resources.
- The technology is time tested and has already been successfully tried by other sponge iron manufacturers like Tata Sponge, Monnet Ispat in the country.
- Our Captive Power Plant will achieve energy efficiency through recovery of waste heat of Kiln exhaust and also reduces the thermal pollution to atmosphere to a large extent.
- The in house power generation would ensure uninterrupted power supply and elimination of dependence on the State Electricity Board to a large extent. It would also result in substantial savings to the Company making it very competitive in terms of total cost of production of steel.
- With the Electricity Act now being passed, the company has the option to sell its surplus power if any to the Grid.

#### **TECHNICAL KNOW-HOW**

The technical services include know-how and basic engineering, design, engineering and drawing, procurement assistance and inspections, project monitoring, etc. We have appointed following consultants:

Sr. numbers	Particulars	Technical Consultant
I	Sponge Iron unit	Industrial Technical Consultants, Raipur
II	Captive Power Plant	Avante Garde Engineers and Consultants Pvt. Ltd., Chennai
III	Architectural & Structural Engineering Services	Gian P. Mathur & Associates Pvt. Ltd., New Delhi
IV	Re-Rolling Mill Plant	Akal Sahae Engineers
V	Flour Mill	Dr Ing. N.K. Gupta Technical Consultants Pvt. Ltd.

#### **Infrastructure facilities for Raw Materials and Utilities like Water, Electricity, etc.**

Our Company has identified quality suppliers for the raw materials required for our manufactured products. As our company has multiplicity of supplier network, there is no risk for availability of raw materials.

#### **1. REQUIREMENT OF MAJOR RAW MATERIALS AND THEIR AVAILABILITY:**

In order to produce one tonne of steel in an integrated steel plant, about 3-4 tonnes of raw materials are consumed. Thus, while identifying the raw material source with respect to the location of the steel plant, the transportation cost of raw materials becomes a very important consideration. Further, the raw materials must fulfill the quality requirements demanded by the process, equipment and technological parameters.

##### **Sponge Iron Unit**

The Major Raw Materials required for production of Sponge Iron by the rotary kiln process are: sized graded iron ore fines and non-Coking coal. Dolomite, in small quantities, is also required to scavenge the sulphur.

The basic raw materials such as Iron Ore, Dolomite and Coal are available from the states of Orissa, Karnataka Andhra Pradesh, Maharastra, Madhya Pradesh, Chhattisgarh, Bihar and Jharkhand. The Integrated Steel Unit is taking its shape in the state of Uttar Pradesh, very close to Bihar and Jharkhand, hence cost of transportation would be very reduced substantially.

For the proposed project, the following raw material linkages shall be available to the Company.

**Iron ore:** Sized Iron ore is being procured from Barbil, Orissa at a distance of about 800 km. The Company has received offers from a few iron ore suppliers to supply the entire quantity of iron ore required for the Integrated Steel Unit.

**Coal:** Coal required for the project is being procured from South Eastern Coalfields Ltd. (SECL) Mines in UP or from Jharkhand. Company has applied to Ministry of Coal for allocation of coal linkage in April, 2008. However, till allocation of coal linkage, coal is being procured from the open market. The Company has received offers a few coal suppliers such as Mittal Tradelink Pvt. Ltd., Shree Pahadimata Pratisthan etc. to supply the entire quantity of coal required for the Integrated Steel Unit.

**Scrap/ Pig Iron:** The Company would require 83,000 TPA of Scrap which is being procured locally. As the Company is already procuring scrap to the extent of 35,000 TPA from nearby areas for its existing facilities, no problem is envisaged in availability of scrap in and around the plant.

Apart from various other fiscal benefits and exemptions being provided by the State Government, 100% of expenses incurred by the Company on transportation of the raw material i.e. Iron ore, shall be reimbursed by the State Government and hence, to a large extent, It will offset the cost implications on account of the raw materials having to be transported from a distance of about 800 Kms.

## **Steel Melt Shop Unit**

The raw materials for the Steel Melt Shop Unit are available easily. It will be available from the following sources:

1. Sponge iron will be procured from our company's own sponge iron division.
2. Our Company will procure Melt Shop Scraps and other variety of scraps from local suppliers.
3. The ferro alloys will be required in very small quantities and can be procured from the local dealers.

## **Rolling Mill Unit**

Melt Shop Billets manufactured by our Steel Melt Shop unit of the plant will form the raw material for Rolling Mill.

## **Captive Power Plant**

The proposed CPP consist of two waste heat recovery boiler of 30 TPH steam generation capacity, one 30 TPH Fluidised Combustion Bolier (FCB) of 30 TPH steam generation capacity and one 16 MW single extraction cum condensing turbo generator. The proposed scheme is capable of operating round the year with waste gases generated from sponge iron rotary kiln of the company to the extent of 10 MW and balance 6 MW shall be generated from the fluidized bed combustion boiler. 40% fuel for the FCB shall be coal and balance 60% will be used as char available from DRI Kilns.

## **FLOUR MILL**

Wheat is the major raw material for the Flour Mill Division of the Company. Uttar Pradesh is the largest wheat producing state in the country followed by Punjab, Haryana and Madhya Pradesh.

As a practice, our Company procures wheat directly from farmers in the nearby areas and for this our Company has established 20 Wheat Purchase Centres in the nearby wheat cultivating areas for purchase of wheat directly from the farmer.

The Flour unit setup by the Company also has an advantage of Industrial Policy of Government of Uttar Pradesh. Government of Uttar Pradesh had declared the unit (GIL) eligible under the scheme of the Government Declared vide G.O. Numbers 2941/77-6-2006-10-tax/04 dated 30.11.2006 and apart from other benefits and exemptions available to the Company, Government has granted exemption of mandi tax of 2% on purchases of wheat.

## **2. TRANSPORTATION**

The project's site is well connected with all type of transportation.

National Highway	The site is on NH 28.
Railway Station	The site is just 1 kms. away from the Sahjanwa Railway Station
Railway Siding	Site is adjacent to Railway line and company is constructing its own siding within factory premises.
Air Port	Gorakhpur Airport is 20 Kms away from the site

Thus, the location of the site will be advantageous to our company in transportation of Raw materials as well as the Finished Products.

## **3. POWER:**

Our Company has started a part of its commercial operations from March 04, 2009. Our Company has already received the approval from the Uttar Pradesh Power Corporation Limited for 15 MW of Power supply and has currently utilizing the same.

The company will meet the power requirement of the different divisions as follows:



- **Sponge Iron Division**

The maximum power load for peak requirement for all the plant and machinery and other ancillary requirements is 850 KVA. The power shall be available from Uttar Pradesh Power corporation Limited.

- **Steel Melt Shop Division**

The estimated power requirements of the facilities proposed for steel melting shop (SMS) is given below:

Plant Power Requirements

Connected Load : 23.60 MVA

Maximum demand, MVA : 22.80 MVA

The actual electrical loading conditions of the plant in practice will depend on several factors associated with the operation of the plant when it reaches its rated production capacity.

- **Rolling Mill**

The power requirement for re-rolling mill including blowers has been worked out at 100% capacity utilization and is indicated below:

Connected Load - 6.6 MVA

Maximum Demand - 4.6 MVA

**Source of Power Supply**

The power requirement of the re-rolling mill is highly critical and needs to be provided from most reliable sources. The Company has connection from Uttar Pradesh Power Corporation Limited for its requirement of power.

- **Captive power plant**

The scheme of the electrical power generation for the power project at the site will consist of one numbers 11 KV, 50 Hz, 3 Phase and 0.8 PF Synchronous generator. The generator shall operate in island mode. A portion of the power generated in the turbo generator will meet the power requirements of the power plant auxiliary loads at 440 V level, through step down transformer and the balance power will be fed to the 11 KV bus of the GPP for further distribution to the induction furnaces of the sponge iron plant through proposed furnace transformers.

- **Flour Mill**

The maximum power load for peak requirement for all the plant and machinery and other ancillary requirements is 800 KVA. Total power requirement is available from Uttar Pradesh Power Corporation Limited.

#### **4. WATER:**

- **Sponge Iron Division**

Water is required for cooling and sanitation purpose. Make up water requirement of about 72,000 ltrs a day would be met from ground water and rain harvesting system. The Unit also has provisions for overhead water tank and underground water reservoir for water storage.

- **Steel Melt Shop Division**

The industrial grade make up water requirement for steel melt shop (SMS) is being met from the existing plant make up water network. The Drinking water requirement for the new facilities is also being met from the existing drinking water system.

- **Rolling Mill**

Total circulating water requirement is about 373 m3 per hour of which 363 m3 is required for circulating, 8.5 cum per hour is required for make up and 1.5 cum per hour is required for drinking and sanitation. The water is being drawn from ground and rain harvesting system. Water recirculation system is being used for

the unit to effect and reuse of water after necessary addition of make up water to cover the evaporation losses

- **Flour Mill**

Approximately 10 cubic meter of water is required for daily consumption; both for manufacturing process and for drinking purpose. A tube-well is there to take care of our water requirements for this unit.

## 5. Compressed Air

- **Rolling Mill**

Major utilization of compressed air is in pneumatic cylinder of rotary shears etc. part from that compressed air is also being used in general cleaning purposes at various points. For this purposes air compressor of 300 NM<sup>3</sup>/hr at 0.7 Mpa is installed.

- **Flour Mill**

The reverse bag filter in the milling section is provided with compressor of capacity 23 m<sup>3</sup>/hr FAD at 6-7 Kg/cm<sup>2</sup>. The power required for compressor is 3.7 KW.

- **Captive power plant**

The requirement of compressed air for instruments and the control systems of the power plant will be supplied by two instrument air compressors with one working and one standby. Each of the compressor shall be rated for 150 Ncu.m/hr. at 7 kg/sq.cm (g). The air compressor shall be provided with accessories like Inter cooler, after cooler, moisture separators, air driers, air receivers and control panel.

The air drier unit shall comprise of 2 x 100% absorber towers with one of the towers in operation and the other one in regeneration mode. The air receiver capacity shall be 1 Cu. M.

## 6 Manpower

The manpower requirement in accordance with the targeted production of plant operation has been estimated on the following consideration:

- i) The estimated production and productivity level which is achievable in various sections of the plant with the proposed plant and machineries.
- ii) The total number of personnel required to perform various duties associated with the different processing steps leading to production of steel billets, re-rolled Products, captive power plant and wheat products.

The man power requirement for the proposed project is as follows:

Sr. No	Division	Man power requirement
1	Sponge Iron Division	89
2	Steel Melt Shop Division	95
3	Re-rolling Mill	172
4	Captive Power Plant	50
5	Flour Mill	82
	<b>Total</b>	<b>488</b>

### Existing Manpower

#### Department wise breakup of employees.

Particulars	Technical Staff Managers	Senior	Other Skilled Labour	Contract Labour	Total
Steel Melt Shop	6		16	35	57

Rolling Mill	4	14	65	83
Flour Mill	4	19	40	63
Administrative	5	32	-	37
Project	3	13	-	16
<b>Total</b>	<b>22</b>	<b>94</b>	<b>140</b>	<b>256</b>

### **Our Competition**

Much of the market in which we operate is unorganized and fragmented with many small and medium-sized companies. We face substantial competition for our products from other manufacturers in domestic market. We compete with other manufacturers on the basis of product range, product quality, and product price including factors, based on reputation, regional needs, and customer convenience.

Our competition varies for our products and regions. We have to compete with different players in different regions. Overall, our Company's major competitors for the product TMT Bars, KVS TMT, Kamadhenu Steel, Barnala Steels, TATA Steels, etc.

Much of the market in which we operate in for Wheat Flour Products is also unorganized and fragmented with many small and medium-sized companies selling in the open market.

### **Human Resources Policy**

Efficient management of the unit requires judicious manpower planning, selection of qualified and experienced personnel and appropriate organizational structure clearly defining the functions and responsibility of the managerial and supervisory staff.

#### ***Hiring***

Employees hired will undergo training session conducive to company's manufacturing process, marketing, plant maintenance and HR policy. The first stage will be an aptitude test with a focus on problem solving and analytical ability. The employees will be provided with orientation course on technology and management by bringing in experts from the industry who are knowledgeable and have brought in innovation in the operation of the system.

#### ***Training***

The Company will place special emphasis on the training of its employees to enable them to develop their skills to keep abreast of the changing technology and to provide efficient and effective Operations, Maintenance & customer services. It will focus on an initial learning programme for its trainees as well as continuous learning programmes for all of its employees. All newly hired employees will be required to attend training programmes to equip themselves with knowledge on Company's business ideas and operations.

#### ***Employee Retention and Care***

The Company strives to foster a feeling of well being in its employees through care and self-respect. It has several structured processes including employee mentoring and grievance management programmes, which are intended to facilitate a friendly and cohesive organizational culture. Off-site activities will be encouraged to improve inter-personal relationships. Company will reward employees who will show exceptional talent, sincerity and dedication.

#### ***Compensation and Performance Management***

The Company's compensation policy will be performance based and inline with industry standards in India. Its compensation packages would be adjusted annually based on industry salary correction, compensation surveys. From time to time, employees who will meet or exceeded performance standards would be awarded bonuses.

### ***Employee Post-Retirement Benefits***

Employees' post-retirement benefits will include a provident fund and a gratuity. Both of these are covered under the relevant statutory authorities. All employees earning up to Rs. 6,500 per month are entitled to provident fund benefits as laid down under the law. Each such employee makes monthly contributions to the plan equal to 12% of the employee's basic monthly salary and Company will contribute a matching amount as per the Law. It will also be covering its employees with gratuity coverage from the Life Insurance Corporation as per the norms of the Life Insurance Corporation.

### ***Employee Insurance***

The Company has taken personal accident policy for 200 employees drawing salary below Rs. 6000/- p.m and Group personal accident policy for 200 workers drawing salary below Rs. 6000/- p.m and Supervisors, senior Engineers, officers person drawing salary for more than Rs. 6001 p.m. our Company will provide medical insurance cover, which includes hospitalization benefits.

### ***Safety, Health and Environmental Regulation and Initiatives***

The Company is subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations governing its manufacturing processes and facilities. Such laws and regulations address, among other things, air emissions (particularly volatile organic compounds), waste water discharges, the generation, handling, storage, transportation, treatment and disposal of chemicals, materials and waste, workplace conditions and employee exposure to hazardous substances. The Company is installing all environment control equipments as per the norms set out by the State Pollution Control Board and environment ministry.

Further, the adoption of new safety, health & environment laws and regulations, new interpretation of existing laws, will be done in order to maintain environment control equipments.

Human resources are essential to company's growth plans and the company will devote commensurate resources and attention to ensure that the right talent is hired and motivated to work for mutual benefit. The company will follow a two-pronged strategy to meet its human resource requirements. Key employees will be hired by the company and included in its payroll and others on contractual basis.

## **MARKETING STRATEGY**

### **Marketing arrangement for re-rolled products:**

Gallantt Group is already operating a Rolling Mill in Gorakhpur and the existing marketing setup will be used to market the finished products. In the view of the number of incentives available, our Company will have better operating margins, though not factored for our evaluation.

The promoters are already engaged in the manufacture and sale of steel products. Our company proposes to sell its products initially in Haryana, Punjab, Delhi and Other Western States of India. In view of domestic demand in these regions, our Company does not foresee any problem in marketing its products. As far as the sales arrangement is concerned, our Company has developed a good rapport with the steel buyers, which will facilitate the sales of the re-rolled products in the market.

Our Company has appointed and set up the distributor network for its Steel Products in the nearby areas comprising of Bahraich, Gonda, Lucknow, Sultanpur and Gorakhpur. However our Company has no written agreements with these distributors. Going further, the Company is under process to appoint the distributors in rest of the areas.

However, the demand of steel is increasing due to increased construction and infrastructure development activities. Thus, any competition is unlikely to affect the Company. Moreover, the promoters are experienced in the steel sector and their existing distribution & marketing network will ensure that the finished goods of the company are sold.

## Marketing Arrangements for Wheat Products:

The Promoters have an experience of more than two decades in the flour mill industry. Our Company is making use of this extensive experience to sell its wheat product in the open market through the free lance Brokers. The major market area for our wheat products is Uttar Pradesh, Bihar, Bengal, Assam and Madhya Pradesh..

## CAPACITY & CAPACITY UTILIZATION

### Installed Capacity Manufactured

Items	Unit	31st August 2009			31st March 2009		
		Installed Capacity	Actual Production	Utilisation	Installed Capacity	Actual Production	Utilisation
Flour Mill	MT	1,08,000	20,600	45.78%	1,08,000	2,718	2.52%
Steel Melt Shop	MT	1,62,380	8,210	12.13%	Nil	Nil	Nil
Rolling Mill	MT	1,67,400	6,866	9.84%	Nil	Nil	Nil

### Insurance

Our Company has availed of several insurance policies for protecting its tangible and intangible assets, details of which are as under:

Sr. numbers	Insurer	Name and nature	Period of policy	Risks covered	Total sum insured and Premium paid
1.	The Oriental Insurance Co. Ltd	Standard Fire and Special Perils policy. Numbers 2010/161 for the integrated steel plant situated at Gallantt Estate, Sector 23, GIDA office, Sajanwa, Gorakhpur, UP	From October 1, 2009 to mid night September 30, 2010	1. Building including Plinth and foundation and other civil structures. 2. Plant and Machinery including boilers, furnaces, moulds, rolls, lab equipments, pollution control equipment and all such other items and fixed items pertaining to insured business. 3. office equipments, computers etc.	Sum insured – Rs.93,00,00,000/- Premium – Rs.2,69,270/-
2.	The Oriental Insurance Co. Ltd	Standard Fire and Special Perils policy. Numbers 2010/162 for the integrated flour mill situated at Gallantt Estate, Sector 23, GIDA office, Sajanwa, Gorakhpur, UP	From October 1, 2009 to mid night September 30, 2010	1. Building including Plinth and foundation and other civil structures. 2. Plant and Machinery including boilers, furnaces, moulds, rolls, lab equipments, pollution control equipment and all such other items and fixed items pertaining to insured business. office equipments, computers etc. 3. Stock of raw material, stock in process, finished goods,	Sum insured – Rs.23,00,00,000/- Premium – Rs.1,52,214/-

					stores, spares etc. while stored or lying in factory premises		
3.	The Oriental Insurance Co. Ltd	Money insurance policy numbers 2010/131. Factory office located at Gallantt Estate, Sector 23, GIDA office, Sajanwa, Gorakhpur, UP and city office at AD Tower Compound, Bank Road, Gorakhpur  Cash Carried In: Briefcase, bags, suitcases, steel boxes, etc.  Mode of Transit: By own Vehicle / staff bus / Hired Vehicle / Public Carrier / Private Carrier / Railway	From July 21, 2009 to mid night July 20, 2010	1. Money in Transit a. Annual Turnover Rs. 1,00,00,00,000/- b. Single Carrying Limit Rs. 1,00,00,000/- 2. Cash in safe a. Cash in safe against the risk of burglary, house breaking and hold-up at city office Rs. 25,00,000/- b. Cash in casher's drawer-at city office Rs. 5,00,000/- c. Cash in safe against the risk of burglary, house breaking and hold-up at GIDA office Rs. 25,00,000/- d. Cash in casher's drawer-at GIDA office Rs. 5,00,000/-  3. Cash at Directors residence a. C. P. Agarwal Rs. 50,00,000/- b. Prem Prakash Agarwal Rs. 50,00,000/- c. SK Agarwal Rs. 50,00,000/-	Premium Rs.55,700/-	–	
4.	The Oriental Insurance Co. Ltd.	Marine Cargo – Open Policy numbers 171200/21/2010/25 – From W. H. any where in India to W. H. Insured's premises in Gorakhpur – Mode of transit – Road / Rail / Air / RPP / Courier	From May 15, 2009 to mid night May 14, 2010	1. Institute Transit (Rail / Road) Clauses 'A' (sum assured – Rs.25,00,00,000/-) 2. Inland Transit (SRCC) Clauses (Cover) (sum assured – Rs.25,00,00,000/-) Limit per location (Rs.5,00,00,000/-) Limit per Transit (Rs.5,00,00,000/-)	Sum insured Rs. 25,00,00,000/- Premium Rs.48,257/-	–	
5.	The Oriental Insurance Co. Ltd.	GPA – Unnamed Policy Schedule –Policy numbers 171200/48/2010/65 Number of persons covered: three hundred (300).	From May 18, 2009 to mid night May 17, 2010	Table of Benefits I – Rs.33,00,000/- Table of Benefits II – Rs.87,00,000/- Table of Benefits III – Rs.51,60,000/-	Sum Assured Rs. 17,16,00,000/- Premium Rs.1,31,764/-	–	
6.	The Oriental Insurance	Janata Personal Accident (Group) Insurance - Policy numbers	From May 18, 2009 to	Janata Personal Accident Cover – Sum assured – Rs.2,00,00,000/- (Per person Rs.	Premium Rs.12,000/-	–	

Co. Ltd	171200/47/2010/1	– mid	1,00,000/-
	Number of persons covered two hundred (200)	night May 19, 2010	

#### INSURANCE PERTAINING TO OUR MOTOR VEHICLES

Sr. numbrs	Name of the insurer	Name and nature of insurance policy (policy number)	Period of policy.	Risks covered and uncovered.	Total insured Premium for the policy	sum and paid
1.	Bajaj Allianz General Insurance Company Ltd.	Two wheeler package policy. Basic third party liability insurance. Policy Numbers OG-10-2203-1802-00010272 for a two wheeler Honda Activa bearing registration numbers UP53AD9525 for the use of vehicle for any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any purpose in connection with motor trade.	From July 23, 2009 to mid night July 22, 2010	1. Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act, 1988; 2. Damage to third party property to the extent of Rs. 1,00,000/-	Sum insured – Rs.30,648/- Premium – Rs.705/-	–
2.	Bajaj Allianz General Insurance Company Ltd.	Two wheeler package policy. Basic third party liability insurance. Policy Numbers OG-10-2203-1802-00010273 for a two wheeler Hero Honda bearing registration numbers UP53AC4955 for the use of vehicles for any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any purpose in connection with motor trade.	From July 22, 2009 to mid night July 21, 2010	1. Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act, 1988; 2. Damage to third party property to the extent of Rs. 1,00,000/-; 3. for the use of any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any other purpose in connection with Motor Trade.	Sum insured – Rs. 27,681/- Premium – Rs. 693/-	–
3.	The New	Two wheeler package	From	1. Limit of the amount the	Premium	–

	India Assurance Company Limited	policy. Basic third party liability insurance. Policy Numbers 22220031080100045906 for a two wheeler Bajaj Platina bearing registration numbers UP53AF6123.	Feb 21, 2009 to 11:59:59 P.M. Feb 20, 2010	<p>Company's liability under section II (i) in respect of any one accident is as per the Motor Vehicles Act, 1988;</p> <p>2. Limit of the amount of the Company's liability in respect of any one claim arising out of one event shall be to the extent of Rs. 1,00,000/-;</p> <p>3. PA cover for unnamed persons;</p> <p>4. for the use of vehicles for any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials.</p>	Rs.686/-
4.	Bajaj Allianz General Insurance Company Ltd.	Two wheeler package policy. Basic third party liability insurance. Policy Numbers OG-10-2203-1802-00018486 for a two wheeler Bajaj Platina bearing registration numbers UP53AE8277.	From October 18, 2009 to mid night October 17, 2010	<p>1. Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act;</p> <p>2. Damage to third party property to the extent of Rs. 1,00,000/-;</p> <p>3. PA cover for 2 passengers;</p> <p>4. for the use of any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any other purpose in connection with Motor Trade.</p>	Sum insured Rs. 23549/- Premium – Rs.666/-
5.	The New India Assurance Company Limited.	Basic third party liability insurance. Policy Numbers 22220031080100045906 for a two wheeler Bajaj Platina bearing registration numbers UP53AF7456.	From May 21, 2009 to 11:59:59 May 20, 2010	<p>1. Limit of the amount the Company's liability under section II (i) in respect of any one accident is as per the Motor Vehicles Act, 1988;</p> <p>2. Limit of the amount of the Company's liability in respect of any one claim arising out of one event shall be to the extent of Rs. 1,00,000/-;</p> <p>3. PA cover for unnamed persons;</p> <p>4. for the use of any purpose other than hire or reward,</p>	Sum Insured – (CB – Insert the amount insured) Premium – Rs.686/-



					carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials.	
6.	Bajaj Allianz General Insurance Company Ltd.	Two wheeler package policy. Basic third party liability insurance. Policy Numbers OG-10-2203-1802-00009105 for a two wheeler Bajaj Platina bearing registration numbers UP53AM1965.	From June 29, 2009 to mid night June 28, 2010	1.	Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act;	Sum Insured – Rs. 32,224/- Premium – Rs. 807/-
				2.	Damage to third party property to the extent of Rs. 1,00,000/-;	
				3.	for the use of any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any other purpose in connection with Motor Trade.	
7	Bajaj Allianz General Insurance Company Ltd.`	Two wheeler package policy. Basic third party liability insurance. Policy Numbers OG-10-2203-1802-00009106 for a two wheeler Bajaj Platina bearing registration numbers UP53AM1975.	From 12:57 June 30 , 2009 to mid night June 29, 2010	1.	Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act;	Sum Insured – Rs. 32,224/- Premium – Rs. 807/-
				2.	Damage to third party property to the extent of Rs. 1,00,000/-;	
				3.	for the use of any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any other purpose in connection with Motor Trade.	
8	Bajaj Allianz General Insurance Company Ltd.	Two wheeler package policy. Basic third party liability insurance. Policy Numbers OG-10-2203-1802-00022506 for a two wheeler Hero Honda bearing registration numbers UP53AK0464.	From Novemb er 22, 2009 to mid night Novemb er 21, 2010	1.	Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act;	Sum Insured – Rs. 28,021/- Premium – Rs. 350/-
				2.	Damage to third party property to the extent of Rs. 1,00,000/-;	
				3.	LL to persons for operation/maintenance for 2 person;	
				4.	for the use of any purpose other than hire or reward, carriage of goods (other	

					than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any other purpose in connection with Motor Trade.	
9	Bajaj Allianz General Insurance Company Ltd.	Commercial Vehicle package policy. Basic third party liability insurance. Policy Numbers OG-10-2203-1803-00001123 for a four wheeler Champion bearing registration numbers UP53AT2022.	From October 27, 2009 to mid night October 26, 2010	<ol style="list-style-type: none"> <li>1. Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act;</li> <li>2. Damage to third party property to the extent of Rs. 1,00,000/-;</li> <li>3. LL to persons for operation/maintenance for 3 person;</li> <li>4. for the use only under a permit within the meaning of the Motor Vehicles Act, 1988 or such a carriage falling under sub-section 3 of section 66 of the Motor Vehicle's Act, 1988.</li> <li>5. Does not cover use for organised racing, pace making, reliability trials, speed testing.</li> </ol>	Sum Insured – Rs. 93,110/- Premium – Rs. 2301/-	
11	Reliance General Insurance	Private car vehicle insurance. Basic third party insurance liability. Policy Numbers 1601792311002549 for four wheeler Mitsubishi Pajero bearing registration numbers UP53AC3636.	From September 10, 2009 to mid night September 9, 2010.	<ol style="list-style-type: none"> <li>1. Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act;</li> <li>2. Damage to the property other than property belonging to the insured or held in trust or in the custody of control of the insured to the extent of Rs. 7.5 lacs;</li> <li>3. for the use of any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any other purpose in connection with Motor Trade.</li> </ol>	Sum Insured – Rs. 1,173,000/-  Premium Insured – Rs. 14,758/-	
12	Reliance General Insurance	Private car vehicle insurance. Basic third party insurance liability. Policy Numbers	From September 10, 2009 to September	<ol style="list-style-type: none"> <li>1. Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act;</li> </ol>	Sum Insured – Rs.226,895/-  Premium – Rs. 4,810/-	

		1601792311002548 for a four wheeler Maruti Wagon R bearing registration numbers UP53AC3436.	er 9, 2010.	2. Damage to the property other than property belonging to the insured or held in trust or in the custody of control of the insured to the extent of Rs. 7.5 lacs; 3. for the use of any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any other purpose in connection with Motor Trade.	
13	Bajaj Allianz Insurance Company Ltd.	Private car package policy. Basic third party liability insurance. Policy Numbers OG-10-2203-1801-00004218, for a four wheeler Maruti Alto bearing registration numbers UP53AE8283.	From October 12, 2009 to mid night October 11, 2010	1. Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act; 2. Damage to third party property to the extent of Rs. 7.5 lacs; 3. PA cover for 5 passengers for Rs. 40,000 each and LL to person for operation/maintenance for 1 person; 4. for the use of any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any other purpose in connection with Motor Trade.	Sum insured – Rs. 1,87,774/-; Premium – Rs. 3,914/-
14	Bajaj Allianz Insurance Company Ltd.	Private car package policy. Basic third party liability insurance. Policy Numbers OG-10-2203-1801-00004200 for a four wheeler Maruti Alto bearing registration numbers UP53AE9596.	From October 23, 2009 to mid night October 22, 2010	1. Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act; 2. Damage to third party property to the extent of Rs. 7.5 lacs; 3. LL to person for operation/maintenance for 5 person; 4. for the use of any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any	Sum insured – Rs. 1,79,193/-; Premium – Rs. 3,580/-

						other purpose in connection with Motor Trade.	
15	Tata AIG Insurance Company Ltd.	Private car package policy. Basic third party insurance. Policy numbers 010043515000 for a four wheeler Maruti Wagon R bearing registration numbers UP53AC6636.	From December 27, 2008 to mid night December 12, 2009	1.	Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act;	Sum insured – 2,52,000;	–
				2.	Damage to third party property to the extent of Rs. 7,50,000/- ;		
				3.	for the use of any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any other purpose in connection with Motor Trade.		
16	Bajaj Allianz General Insurance Company Ltd.	Private car package policy. Basic third party policy. Policy Numbers OG-10-2203-1801-00001700 for a four wheeler Maruti Zen bearing registration numbers UP53AE7035.	From August 1, 2009 to mid night July 31, 2010	1.	Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act;	Sum insured – 3,04,914/-	–
				2.	Damage to third party property to the extent of Rs. 7,50,000/-;	Premium – 5,888	
				3.	PA cover for 5 passengers of Rs. 2,00,000 each and LL to person for operation/maintenance for 1 person;		
				4.	for the use of any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any other purpose in connection with Motor Trade.		
17	Bajaj Allianz General Insurance Company Ltd.	Private car package policy. Basic third party policy. Policy Numbers OG-10-2203-1801-00004073 for a four wheeler Mahindra & Mahindra Bolera bearing registration numbers UP53AE8666.	From October 18, 2009 to mid night October 17, 2010	1.	Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act;	Sum insured – Rs. 3,20,058/-;	–
				2.	Damage to third party property to the extent of Rs. 7,50,000/-;	Premium – Rs. 8,212/-	–
				3.	PA cover for 7 passengers of Rs. 30,000 each and LL to person for operation/maintenance for 1 person;		
				4.	for the use of any purpose		

						other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any other purpose in connection with Motor Trade.	
18	Reliance General Insurance	Private car vehicle insurance. Basic third party Policy Numbers 1906782311004576 for a four wheeler Mahindra & Mahindra Scorpio bearing registration numbers UP53AF3936	From December 21, 2008 to December 20, 2009	1.	Death of or body injury to the extent of such amount as is necessary to meet the requirements of the Motor Vehicles Act;	Sum insured – Rs. 6,05,000/-	
				2.	Damage to the property other than property belonging to the insured or held in trust or in the custody of control of the insured to the extent of Rs. 7, 50,000 lacs;	Premium – Rs. 15,684/-	
				3.	for the use of any purpose other than hire or reward, carriage of goods (other than samples or personal luggage), organised racing, pace making, speed testing, reliability trials and any other purpose in connection with Motor Trade.		

## INTELLECTUAL PROPERTY RIGHTS

1. Our Company has applied for registration, *vide* form TM – 51, bearing number 1874303, for the label ‘GALLANTT Building Tomorrow’ under classes 6 and 30, stating the date of first use as February 11, 2005.
2. Our Company has applied for a no objection certificate for the purpose of filing form TM – 60, for the purpose of registering the copyright ‘GALLANTT Building Tomorrow’.

## PROPERTY

Our Company owns and leases the following properties for conducting its operations:

### *I. Premises owned by our Company*

Agreement for Sale dated August 23, 2009, entered into by and between Singhal Home Developers Private Limited the “**Sellers**”; and our Company, the “**Purchaser**” for the property situated at Mouza Numbers 120, Vaka Mohalla Arazi, Chhawani (Civil Lines), Tappa and Paragna Havali, Thesail – Sadar, Jilla and City Gorakhpur admeasuring 3,200 sq. feet (297.29 sq. meters) for an aggregate consideration of Rs. 5,05,393/-.

*The property as described in the Agreement for Sale is as under:*

All that piece or parcel of land or ground admeasuring 3,200 sq. feet (297.29 sq. meters) or thereabouts situate, at Mouza Numbers 120, Vaka Mohalla Arazi, Chhawani (Civil Lines), Tappa and Paragna Havali, Thesail – Sadar, Jilla and City Gorakhpur.

Bound by:

On or towards East: Nala Bahadur Gorakhpur Club  
On or towards West: 9 meters wide road and Hari Om Colony  
On or towards North: Income Tax Colony's boundary wall  
On or towards South: Employment Office and boundary wall of Roadways

## II. Leasehold properties:

Sr. Numbers	Location and area of the property	Document	Licensor	Key Terms	Amount payable
1.	Plot Numbers AL – 5, Sector Numbers 23, in villages Sahabajganj and Domaharmafi Paragana/ Tehsil Sahajanwa, District Gorakhpur.  Area: 116.865 acres*	Lease Deed dated May 25, 2007	Gorakhpur Industrial Development Authority	<ul style="list-style-type: none"> <li>Lease for a period of 90 years commencing from November 29, 2006.</li> <li>The Lessee will establish an integrated steel plant, captive power plant, spinning mill and modern roller flour mill on the allotted land within a period of 36 months from the issuance of G.O. Numbers 1502(1)/77-6-2006-10 Tax/04 dated June 1, 2006 or such extended period as may be allowed by the Government.</li> <li>The Lessee shall establish at his own cost an appropriate and efficient effluent treatment plant and shall ensure that the system complies with specifications laid down by the U.P. Pollution Control Board.</li> </ul>	Deposit – Rs. 3,72,84,756  Monthly Rent – Rs. 101
2.	Ashyana, 29, Bentinck Street, Kolkata – 700 069.  Area: 200 sq.ft.	Tenancy Agreement dated April 1, 2009	Turtle Commercial Limited	<ul style="list-style-type: none"> <li>Agreement shall be valid for a period of two years commencing from April 1, 2009;</li> </ul>	Monthly Rent – Rs. 3,000/-

### \*Surrender Deed – GIDA

Our Company, *vide* lease deed dated May 25, 2007, has obtained 116.865 acres of land, located at plot number AL – 5, Sector number 23, in villages Sahabajganj and Domaharmafi Paragana / Tehsil Sahajanwa, District Gorakhpur, from the Gorakhpur Industrial Development Authority. Thereafter upon GIDAs request, the Company entered into a Surrender Deed, dated March 5, 2008 ('Deed') to surrender 4.17 acres of the said plot, that is the land located at Village Domhar Mafi, Tehsil Sahjanwa, District Gorakhpur (Sector number 23, GIDA, for the purpose of establishing an electric sub station of 132 Kv. In lieu of this Deed our Company received a refund of Rs. 13,30,402.02.

## KEY INDUSTRY REGULATIONS AND POLICIES

Our Company, in its business of manufacturing Sponge Iron, Mild steel billets, Re-Rolled products (TMT bars) is governed by various legislations as applicable to it, and its unit at Industrial Estate, GIDA, Sahjanwa, Gorakhpur, in the State of Uttar Pradesh. Some of the key regulations applicable to us are summarised hereunder:

### 1. ENVIRONMENT REGULATIONS

We are subject to laws and regulations concerning environmental protection, in particular, the discharge of effluent water and solid particulate matter during our manufacturing processes. The principal environmental regulations applicable to industries in India are the Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974 and the Environment Protection Act, 1986.

#### 1.1 Air (Prevention and Control of Pollution) Act, 1981

Air (Prevention and Control of Pollution) Act, 1981 which aims for the prevention, control and abatement of air pollution. It is mandated under Air (Prevention and Control of Pollution) Act, 1981 that no person can, without the previous consent of the concerned State Board, establish or operate any industrial plant in an air pollution control area.

#### 1.2 Water (Prevention and Control of Pollution) Act, 1974,

Water (Prevention and Control of Pollution) Act, 1974, which provides for the prevention and control of pollution and for maintaining or restoring the wholesomeness of water in streams or wells. This legislation also provides for the constitution of a Central Pollution Control Board and respective State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board. The Central and State Pollution Control Boards constituted under the Water Pollution Act are also to perform functions as per the Air Pollution Act for the prevention and control of air pollution.

#### 1.3 Environment (Protection) Act, 1986 and Environment (Protection) Rules, 1986

Environment (Protection) Act, 1986 which has been enacted for the protection and improvement of the environment. The Act empowers the central government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The central government may make rules for regulating environmental pollution.

#### 1.4 The Manufacture, Storage & Import of Hazardous Chemicals Rules, 1989

The Rules are applicable on every industry which is carrying the activity which involves or likely to involve one or more of hazardous chemicals and includes on-site storage or on-site transport which is associated with that operation or process or isolated storage or pipeline. As per the said rules, an occupier of the industry shall undertake to identify the major accident hazards and also specify the steps initiated to prevent such major accidents and limit their consequences to persons and the environment.

#### 1.5 The Explosives Act, 1884;

This is a comprehensive law which regulates the manufacture, possession, sale, transportation, export and import of explosives. As per the definition of 'explosives' under the Act, any substance, whether a single chemical compound or a mixture of substances, whether solid or liquid or gaseous, used or manufactured with a view to produce a practical effect by explosion or pyrotechnic effect shall fall under the Act. The Act requires for the licensing for the manufacture, possession, use, sale, transport and Importation of explosives.

**1.6 Hazardous Waste (Management and Handling) Rules, 1989**

The Hazardous Waste (Management and Handling) Rules, 1989, as amended, impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste.

**1.7 Public Liability Insurance Act, 1991**

The Public Liability Insurance Act, 1991, imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of “hazardous substances” covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation.

**2. FACTORY RELATED ACT(S)/REGULATION(S):**

**2.1 Factories Act, 1948**

Factories Act, 1948 provides for healthy working environment for the workers/ labourers to work it not only regulates the health, safety, welfare and other working conditions of workers in the factory but also the working hours of the workers and labourers.

**2.2 Industries (Development and Regulation) Act, 1951;**

Under the New Industrial Policy dated July 24, 1991, all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defence equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum (“IEM”) with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

**2.3 The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950;**

The Act provides for mainly for the safety of life and Property of persons from the danger of explosions of steam boilers and for achieving uniformity in registration and inspection during operation and maintenance of boilers in India

**3. Labour Related Laws**

**3.1 Industrial Disputes Act, 1947 and Industrial Dispute (Central) Rules, 1957**

Industrial Dispute Act, 1947 provides for the investigation and settlement of industrial disputes. It also contains various provisions to prohibit strikes and lock-outs, declaration of strikes and lock-outs as illegal and provisions relating to lay-off and retrenchment and closure, Conciliation and adjudication of industrial disputes by; Conciliation Officers, a Board of Conciliation, Courts of Inquiry, Labour Courts, Industrial Tribunals and a National Industrial Tribunal.

**3.2 Workman Compensation Act, 1923,**

Workmen's Compensation Act, 1923 aims at providing financial protection to employees (for their dependents in the event of fatal accidents) by means of payment of compensation by the employers, if personal injury is caused to them by accidents arising out of and in the course of their employment. This Act makes it obligatory for the employers brought within the ambit of the Act to furnish, to the State Governments/Union Territory Administrations, annual returns



containing statistics relating to the average number of workers covered under the Act, number of compensated accidents and the amount of compensation paid.

**3.3 Payment of Wages Act, 1936**

Payment of Wages Act, 1936 contains provisions as to the minimum wages that are to be fixed by the appropriate Governments for the employees, fixation and revision for the minimum wages of the employees, entitlement of bonus to the employees, fixing the payment of wages to workers and ensuring that such payments are disbursed by the employers within the stipulated time frame and without any unauthorized deductions.

**3.4 Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 gives power to appropriate government (Central or State) to fix minimum wages to be paid to the persons employed in scheduled or non scheduled employment and the concerned employer is required to pay the minimum wages, fixed by the appropriate government. Such employer is also required to maintain registers and exhibits giving the particulars of wages paid to employees.

**3.5 Payment of Bonus Act, 1965**

The Payment of Bonus Act, 1965 imposes statutory liability upon the employers of every establishment covered under the Act to pay bonus to their employees. It further provides for payment of minimum and maximum bonus and linking the payment of bonus with the production and productivity.

**3.6 Employees' Provident Funds and Miscellaneous Provisions Act, 1952.**

It is applicable to the establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the Act the employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. As per the provision of the Act, employers are to contribute 12% of the basic wages, dearness allowances and remaining allowances (if any) payable for the time being to the employees.

**3.7 Employees' State Insurance Act, 1948**

All the establishments to which the ESI Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act requires all the employees of the establishments to which the Act applies to be insured in the manner provided under the Act. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

**3.8 Payment of Gratuity Act, 1972.**

The provisions of the Act are applicable on all the establishments in which ten or more employees were employed on any day of the preceding twelve months and as notified by the government from time to time. As Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A thereafter whenever there is any change in the name, address or in the change in the nature of the business of the establishment a notice in Form B has to be filed with authority. The Employer is also required to display an abstract of the act and the rules made there under in Form U to be affixed at the or near the main entrance. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made under payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

**3.9 The Contract Labour (Regulation and Abolition) Act, 1970 (the "CLRA")**

The CLRA requires establishments that employ or have employed on any day in the previous 12 months, 20 or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour. The CLRA places an obligation on the

principal employer of an establishment to which the CLRA applies to make an application for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued.

To ensure the welfare and health of contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, washing facilities, first aid facilities, and provision of drinking water and payment of wages. In the event that the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period.

### **3.10 Inter-state Migrant Workers Act, 1979 (the “Inter-State Migrant Workers Act”)**

The Inter-state Migrant Workers Act applies to any establishment or contractor who employs five (5) or more inter-state migrant workmen (whether or not in addition to other workmen) on any day of the preceding twelve months. An “inter-state migrant workman” is defined under Section 2 (e) to include any person who is recruited by or through a contractor in one state under an agreement or other arrangement for employment in an establishment in another state, whether with or without the knowledge of the principal employer in relation to such establishment. All such establishments employing migrant workers must be registered otherwise such workmen cannot be employed by them.

### **3.11 Trade Union Act, 1926.**

Provisions of the Trade Union Act, 1926 provides that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or no employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

## **4. Intellectual Property**

### **Trademarks Act, 1999**

Our Company’s trademark is required to be registered under the provisions of the Trademarks Act, 1999. Our Company has obtained better statutory protection by registering it under applicable classes of the Trademarks Act, 1999. For details of Our Company’s trademark registration, please refer to the chapter titled “*Government/Statutory and Business Approvals*” beginning on page 222 of this Draft Prospectus.

## **5. Tax Related Legislations**

### **5.1 Excise Regulations**

The Central Excise Act, 1944 seeks to impose an excise duty on excisable goods which are produced or manufactured in India. The rate at which such a duty is imposed is contained in the Central Excise Tariff Act, 1985. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification. Steel products are classified under Chapter 72 of the Central Excise Tariff Act and presently attract an ad-valorem excise duty at the rate of 16% and also an education cess of 2% over the duty element.

### **5.2 Value Added Tax, 2005**

The levy of Sales Tax within the state is governed by the VAT Act and Rules of the respective states. VAT has resolved the problem of Cascading effect (double taxation) that were being levied under the hitherto system of sales tax. Under the current regime of VAT the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax

paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

**5.3 Income Tax Act, 1961**

Income Tax Act, 1961 is applicable to every Domestic / Foreign Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its “Residential Status” and “Type of Income” involved. U/s 139(1) every Company is required to file its Income tax Return for every Previous Year by 31st October of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

**5.4 Customs Act, 1962**

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code) Our Company has obtained an IEC.

**5.5 Central Sales Tax Act, 1956**

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (Monthly/ Quarterly/ Annually) as required by the State sale Tax laws of the assessee authority together with treasury challan or bank receipt in token of the payment of taxes due.

## HISTORY AND OTHER CORPORATE MATTERS

Our Company was incorporated as Gallantt Ispat Limited on February 11, 2005 and received its Certificate for Commencement of Business on February 16, 2005, under the Act, with CIN U27109 WB2005PLC101650 of 2005 with the Registrar of Companies, West Bengal.

On February 11, 2008 our Registered Office was shifted from 21, Hemant Basu Sarani, 3<sup>rd</sup> Floor, Room No-306, Kolkata-700001 to Ashyana, 29C, Bentinck Street, Kolkata - 700 069, West Bengal, India, our present address.

Our company is one of the growing companies in Uttar Pradesh engaged in the manufacturing and marketing of Sponge Iron, Mild steel billets, Re-Rolled products (TMT bars) and Flour.

Our Company is promoted by Mr. Chandra Prakash Agrawal, Mr. Prem Prakash Agarwal, Mr. Nitin M Kandoi, M/s Chandra Prakash Agarwal & Sons HUF and M/s Gallantt Metal Ltd.

Our Company was incorporated with a view to setup an integrated steel plant and modern roller flour mill at Sector-23, GIDA, Sahjanwa, Gorakhpur- Uttar Pradesh, to manufacture Sponge Iron, Mild steel billets, Re-Rolled products (TMT bars), flour. Considering the power requirements of our existing manufacturing facilities, our Company also proposes to setup a captive power plant to meet its present requirement of power.

Our Company has already commenced commercial productions for Mild steel billets, Re-Rolled products (TMT bars) in May 2009 and flour in March 2009. Our Company also proposes to expand its business into Sponge iron production.

Our Company has appointed M/s Industrial Technical Consultant, Raipur (ITCR) as its technical consultant for the proposed Sponge Iron Plant, M/s Akal Sahae Engineers for the Rolling Mill Division and M/s. Avant Garde Engineers and Consultants Pvt. Ltd., Chennai (AGECPL) will be appointed for the Captive Power Plant. Incase of Mild steel billets, M/s Gallantt Metal Limited, our promoting Company, has already developed a technical team at its existing Gorakhpur plant and Bhuj, Gujarat plant. The same team has been utilized for setting up the Mild steel billets plant.

The in house consumption of entire Sponge Iron to manufacture billets which is further rolled into TMT bars along with installation of captive power plant to utilize the waste heat would improve the profitability of the project thereby making it economically more viable.

At GIL, success is measured in terms of customer satisfaction and quality that is built into every product. The value of commitment to quality is also cherished by each of the 256 staff members. Our Company has met standards of Bureau of Indian Standards and has received the IS 1786:2008 certification for high strength deformed steel bars for concrete reinforcements (TMT).

Setting up the integrated steel plant and flour mill in Gorakhpur, Uttar Pradesh also provides our Company with benefits like Interest free loan equivalent to Sales Tax Amount for a period of 15 years, Transport subsidy for 15 years, 20% subsidy of fixed capital investment, 5% additional subsidy of fixed capital investment being first unit under this scheme and Exemption of Mandi tax-2% on wheat purchase, among other benefits.

On October 1, 2007, the General Investment Division of Gallantt Udyog Limited demerged into our Company. The scheme was approved by the High Court of Calcutta on June 18, 2008. Pursuant to the scheme, 1,63,49,632 Equity Shares were allotted to the shareholders of Gallantt Udyog Limited, as on the effective date.

On April 1, 2008, Zircon Commercial Private Limited, D.R. Advisory Services Private Limited, Mantra Vanijya Private Limited, Dynasty Sales Private Limited, Sridhar Tie-Up Private Limited, Sanhati Tradlink Private Limited and Mrinmoyee Sales Private Limited amalgamated with our Company. The Scheme was approved by the High Court of Calcutta on March 12, 2009. Pursuant to the scheme, 4,50,000 Equity Shares were allotted to the shareholders of our Company as on the effective date.

**Major Events:**

<b>Year</b>	<b>Events</b>
February 11, 2005	Incorporation of the Company
February 16, 2005	Received Certificate of commencement of Business
September 30, 2007	Issued bonus shares to our members in the ratio of seven Equity Shares for every three Equity Shares held
October 1, 2007	General Investment Division of Gallantt Udyog Limited demerged into our Company
April 1, 2008	Zircon Commercial Private Limited, D.R. Advisory Services Private Limited, Mantra Vanijya Private Limited, Dynasty Sales Private Limited, Sridhar Tie-Up Private Limited, Sanhati Tradlink Private Limited and Mrinmoyee Sales Private Limited amalgamated with our Company
November 17, 2008	Entered into a consortium agreement with the State Bank of India, State Bank of Mysore and the State Bank of Patiala for availing an amount of Rs. 12,600 lacs
March 4, 2009	Start of commercial operations of flour mill with an installed capacity of 1,08,000 MTPA
May 11, 2009	Start of commercial operations of steel melt shop with an installed capacity of 1,62,380 MTPA
	Start of commercial operations of rolling mill with an installed capacity of 1,67,400 MTPA
October 15, 2009	Received quality certification, IS 1786:2008 from the Beaureau of Indian Standards for high strength deformed steel bars and wires for concrete reinforcement (TMT)

**Awards, Achievements and Certifications**

Our Company has received quality certification, IS 1786:2008 from the Beaureau of Indian Standards for high strength deformed steel bars and wires for concrete reinforcement (TMT).

**Subsidiaries**

As on the date of filing this Draft Prospectus our Company has no subsidiaries.

**Changes in Registered Office of our Company**

The Registered Office of our Company was shifted from 21, Hemant Basu Sarni, 3rd Floor, Room Numbers 306, Kolkata - 700 001 to Ashyana 29C Bentick Street, Mizzen Floor Kolkata - 700 001 so as to achieve administrative convenience and to meet our requirements for a bigger office space to accommodate the growing number of employees.

**Main Objects of our Company**

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

1. *“To carry on the business as manufacturers, processors, converters, producers, exporters, traders, dealers, distributors, stockists, buyers, sellers, agents or merchants in all kinds and forms of iron and steel including sponge iron, pig iron, hot rolling & cold rolling steel strips, ingots, billets, mild, high carbon, spring, high speed, tool, alloy, stainless steels, iron-metals and blooms, slabs, bars, joists, rods, squares, structurals, tubes, poles, flanges, beams, joints, pipes sheet casting, wires, rails, rolling materials, rollers etc. semi-manufactured and other materials made usually or partly of iron, steel alloys and metal products required in or used for industrial, defence, agricultural, transport, commercial, domestic, building power transmission and / or construction purposes including the rerolling activity and the activity of generation of power for captive consumption and / or sale / transmission.*
2. *to carry on business as manufacturers, processors, importers, exporters, and dealers in all kinds of minerals like ferrous, copper, zinc, aluminium, coal, etc. including the mining activity.*

3. *To manufacture, deal, import and export in ferrous and non-ferrous metals, ferro alloys, ferro silicon, ferro chrome, ferro manganese etc., sheets and other ferrous substances and metals of every description and grades and to manufacture, deal, import and export in all kinds and varieties of non ferrous raw metals such as aluminium, copper, tin, lead, etc. and the by products obtained in processing and manufacturing these raw materials and to carry on the business of engineers metal workers, mill-wrights, smiths, metallurgists and to act as engineering consultants and designers, importers, and exporters of technology.*
4. *To carry on business as manufacturers, processors, importers, exporters, and dealers in all kinds of castings products, iron and steel goods and as iron masters, iron founders, steel makers, electric etc. and blast furnaces proprietors, brass founders and metal makers refiners and workers generally iron and steel converters, smiths, tin plate makers, manufacturers of industrial, agricultural and other fittings, parts and all kinds of machineries, accessories tools and implements, boilers and steam generating plant makers metallurgists.*
5. *To carry on the business of millers in all its branches and to set up mills for milling wheat, gram and other grains and cereals, dal, besan, maida, atta, suji and other allied products and to manufacture any bye-products, such as biscuits, flakes, dalia, and confectionery from flours of all kinds and set up factories or mills for the manufacture thereof and to carry on the business of producing, extracting, refining, storing, exporting, importing, transporting and dealing in flours of all kinds whatsoever and to run flour mills of any kind including rice mills for separation of musk, bran for preparation of flours or other products therefrom to carry on the business of manufacturing, buying, selling, importing, exporting and dealing in textiles, cotton, silk, art silk, rayon, nylon, viscos, synthetic fibers, staple fibres, polyester, worsted, wool, hemp and other fibre materials, yarn, cloth, linen, rayon and other goods or merchandise whether textile felted, netted or looped.”*

#### ***Changes in the Memorandum of Association***

<b>Date of Shareholders' Approval</b>	<b>Amendment</b>
September 29, 2007	Authorized Share Capital of our Company was increased from Rs. 5,00,00,000 consisting of 50,00,000 Equity Shares of Rs. 10/- each to Rs. 20,00,00,000 divided into 2,00,00,000 of Equity Shares of Rs. 10/- each
November 10, 2008	Authorized Share Capital of our Company was Increased from Rs. 20,00,00,000/- consisting of 2,00,00,000 equity shares of Rs. 10/- each to Rs. 22,00,00,000/- consisting of 2,20,00,000 equity shares of Rs. 10/- each.
March 12, 2009	Authorized Share Capital of our Company was Increased from Rs. 22,00,00,000/- consisting of 2,20,00,000 equity shares of Rs. 10/- each to Rs. 25,95,00,000/- consisting of 2,59,50,000 equity shares of Rs. 10/- each
September 25, 2009	Authorized Share Capital of our Company Increased from Rs. 25,95,00,000/- consisting of 2,59,50,000 equity shares of Rs. 10/- each to Rs. 28,00,00,000/- consisting of 2,80,00,000 equity shares of Rs. 10/- each.

#### ***Total Number of Shareholders in our Company***

As on dated our Company has seventeen shareholders.

#### ***Shareholders Agreements***

There are no subsisting shareholders agreements among our shareholders in relation to our Company.

#### ***I. Scheme of Amalgamation***

The board of directors of (i) Zircon Commercial Private Limited (Zircon), (ii) D.R. Advisory Services Private Limited (D.R. Advisory), (iii) Mantra Vanijya Private Limited (Mantra), (iv) Dynasty Sales Private Limited (Dynasty), (v) Sridhar Tie-Up Private Limited (Sridhar), (vi) Sanhati Tradlink Private Limited (Sanhati); and (vii)

Mrinmoyee Sales Private Limited (Mrinmoyee) referred to collectively as the Transferor Companies approved the Scheme of Amalgamation (the "Scheme"), under the provisions of sections 391 to 394 of the Companies Act for the amalgamation of the Transferor Companies with our Company. All the shareholders of the Transferor and the Transferee companies had unanimously approved the Scheme. The Scheme was approved by the High Court of Calcutta on March 12, 2009. Pursuant to the scheme, 45,00,000 Equity Shares were allotted.

#### *Rationale for the Scheme*

The Transferor Companies are engaged in the business of trading of commodities, shares, securities & investment and our Company is in its pre-operative stage of manufacturing of iron and steel product. The amalgamation would enable the Transferee Company to restructure and re-organise its business activities and Capital Structure thereby providing more liquid funds to the Company for its main line of business. Further, our Company would be able to broaden its base of business activities. The amalgamation would result in achieving economy of scale including reduction in overhead expenses relating to management and administration thereby enabling our Company to carry on its business more economically and profitably. Such a capital base will enable further development of the main line of business of our Company. The scheme would benefit the shareholders and employees of all the companies concerned.

Key terms and conditions of the Scheme, *inter alia*, are:

- (i) The Scheme envisages the transfer of the Undertaking (as defined below) of the Transferor Companies to the Company pursuant to Sections 391 to 394 of the Companies Act and other relevant provisions of the Companies Act in the manner provided for in the Scheme, and the consequent issue of equity shares by the Company to the shareholders of the Transferor Companies as per the Share Exchange Ratio (as defined hereinafter).
- (ii) The "Appointed Date" for the Scheme was April 1, 2008.
- (iii) "Undertaking" shall mean:
  - a) all the assets and properties, movables or immovable, corporeal or incorporeal, present, future or contingent of whatsoever nature of the Transferor Companies as on the Appointed Date.
  - b) all the debts, liabilities, duties and obligations of whatsoever nature of the Transferor Companies as on the Appointed Date and as appearing in the books of account of the Transferor Company.
  - c) without prejudice to the generality of sub-clause (a) above, the undertaking shall include all the Transferor Companies properties, reserves, assets including leasehold rights, tenancy rights, investments of all kinds, allotments, approvals, consents, licenses industrial and other licenses, registrations, contracts, engagements, arrangements of all kind, benefits under the agreements/contracts, account opening forms including the agreements with clients, rights, titles, interests, benefits and advantages of whatsoever nature and wheresoever situated, permits, authorisations, quota rights, patents, trademarks, whether those applied or to be applied for after the Appointed Date or registered designs, copyrights and other intellectual properties, authorities, privileges various exemption, incentives and other intellectual properties, domain names, import quotas, fittings and fixtures, V-sats, telephones, telex, facsimile and other communication facilities, utilities, electricity and other services and equipments, vehicles, cash balances, reserves, security deposits, refunds, outstanding balances, stocks, investments, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, benefits of all agreements and all other rights, interests, advantages, benefits and approvals belonging to or in ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies, and all books of accounts, documents and records as on the Appointed Date.

The Scheme *inter alia* also provided for:

- a) the manner of vesting and transfer of the assets of the Undertaking of the Transferor Company in the Company;
- a) the transfer of contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature relating to the Transferor Companies to the Company from the Appointed Date;

- b) the transfer of all consents, permissions, approvals, statutory licenses, certificates, clearances, consents, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Companies to the Company from the Appointed Date;
- c) the transfer of all debts, liabilities, duties and obligations of the Transferor Companies to the Company;
- d) the transfer of all suits, actions, appeals and proceedings of whatsoever nature by or against the Transferor Companies to the Company;
- e) the manner in which Transferor Companies shall be deemed to have been carrying on all business and activities relating between the Appointed Date and the Effective Date for and on account of, and in trust for, the Company;
- f) the transfer of all the staff, workmen and the employees engaged by the Transferor Companies to the Company on terms and conditions not less favourable than those on which they are engaged in the Transferor Companies;
- g) provisions for the dissolution without winding up of the Transferor Companies upon the effectiveness of the Scheme;
- h) The swap ratio, as per the scheme, for the shareholders of the respective companies as on the record date is as under :
  - issuance of 3 fully paid up share of face value of Rs. 10 by our Company to the shareholders of Zircon for every 1 equity shares held by such shareholder in Zircon,
  - issuance of 1 fully paid up share of face value of Rs. 10 by the Company to the shareholders of D. R. Advisory for every 1 equity shares held by such shareholder in D.R. Advisory,
  - issuance of 1 fully paid up share of face value of Rs. 10 by the Company to the shareholders of Mantra for every 1 equity shares held by such shareholder in Mantra,
  - issuance of 1 fully paid up share of face value of Rs. 10 by the Company to the shareholders of Dynasty for every 1 equity shares held by such shareholder in Dynasty,
  - issuance of 1 fully paid up share of face value of Rs. 10 by the Company to the shareholders of Sridhar for every 1 equity shares held by such shareholder in Sridhar,
  - issuance of 1 fully paid up share of face value of Rs. 10 by the Company to the shareholders of Sanhati for every 1 equity shares held by such shareholder in Sanhati,
  - issuance of 2 fully paid up share of face value of Rs. 10 by the Company to the shareholders of Mrinmoyee for every 1 equity shares held by such shareholder in Mrinmoyee,
- i) provision for cancellation of the existing share certificates of any class held by the shareholders of the Transferor Companies upon the effectiveness of the Scheme;
- j) the costs *vis-a-vis* the transfer, implementation, completion of the Scheme and all the costs incidental thereto shall be borne by the Company; and
- k) the Authorised Share Capital of the Company shall automatically stand increased to the extent of combined Authorised Share Capital of the Transferor Companies

## **II. Scheme of Demerger**

The board of directors of Gallantt Udyog Limited (the “**Transferor Company**”) *vide* meeting of the board of directors held on January 4, 2008 approved the Scheme of Demerger (the “**Scheme**”), under the provisions of sections 391 to 394 of the Companies Act; for the demerger of the General Investment Division of the Transferor Company with our Company. Our Company obtained approval of its shareholders for the Scheme on March 18, 2008. The Scheme was approved by the High Court of Calcutta on June 18, 2008. Pursuant to the scheme, 1,63,49,632 Equity Shares were allotted to the shareholders of Gallantt Udyog Limited, as on the effective date..

### *Rationale for the Scheme*

#### *(i) For the Transferor Company:*

The Transferor Company is an established company having three divisions, namely (1) a Manufacturing Division - for the manufacture of Iron & Steel products (2) Strategic Investment Division - for investments in Gallantt Metal Limited; and (3) General Investment Division - for investment in shares and securities. The nature of risk and competition involved in each of these businesses is distinct from other. The demerger would enable distinct focus of investors to invest in some of the key businesses and to lend greater focus to the operations of each of its diverse businesses. The reorganisation and segregation of the General Investment Division would allow a focussed strategy in operations, which would be in the best interest of the Transferor Company and its shareholders.



(ii) *For the Transferee Company:*

The Transferee Company would benefit as the demerger would result in different management and operation expertise and approach to the business and further help to increase the fund base of our Company.

This demerger would enable both the companies to expand their operations and to carry on their respective business more efficiently.

Key terms and conditions of the Scheme, *inter alia*, are:

- (i) The Scheme envisages the transfer of the Undertaking (as defined below) of the Transferor Company to our Company pursuant to Sections 391 to 394 of the Companies Act and other relevant provisions of the Companies Act in the manner provided for in the Scheme, and the consequent issue of equity shares by our Company to the shareholders of the Transferor Company as per the Share Exchange Ratio (as defined hereinafter).
- (ii) The “Appointed Date” for the Scheme was October 1, 2007.
- (iii) “Undertaking” shall mean all the assets and liabilities of the Transferor Company pertaining to the General Investment Division and shall include all businesses activities and operation pertaining to such division comprising:
  - (a) all properties and assets, movable and immovable, real and personal, corporeal and incorporeal, in possession, and in reversion, present and contingent of whatsoever nature, wheresoever situate as on the Transfer Date as appears in the books of account of the Transferor Company pertaining to the General Investment Division together with the benefit of all contracts and engagement and all books, papers, documents, and record relating to the said General Division of the Transferor Company.
  - (b) all the debts (whether secured or unsecured), liabilities, duties and obligations of the Transferor Company whatsoever nature and description pertaining to and/or arising out of the General Investment Division, including liabilities on account of secured and unsecured loans, sundry creditors, bonus, gratuity and other taxation and contingent liabilities of the General Investment Division of the Transferor Company.
  - (c) all agreements, rights, contracts, entitlements, permits, licenses, approvals, consents, engagements, arrangements and all other privileges and benefits of every kind, nature and description whatsoever relating to the business, activities, and operations pertaining to General Investment Division of the Transferor Company.
  - (d) all intellectual property, record, files, papers, data and documents, relating to the General Investment Division of the Transferor Company.
  - (e) all the permanent employees of the Transferor Company engaged in or in relation to the General Investment Division of the Transferor Company;

The Scheme *inter alia* also provided for:

- (a) the manner of vesting and transfer of the of all estate and interest of the General Investment Division of Transferor Company subject to existing charges, liens, *lis pendens*, mortgage and encumbrances, if any, to the Company;
- (b) the transfer of all debts, liabilities, duties and obligation of the General Investment Division of Transferor Company to the Transferee Company;
- (c) the transfer of all assets and liabilities of the General Investment Division of Transferor Company to the Transferee Company at values appearing in the Book of Accounts of the Transferor Company;
- (d) the transfer of all the permanent employees of the Transferor Company engaged in the General Investment Division to the Company on the same terms and conditions on which they are engaged in the Transferor Company and the transfer of services of all such employees with the Transferor Company in the General Investment Division to the Company shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits;

- (e) the transfer of all legal and/or other proceedings of whatsoever nature by or against the Transferor Company relating to the General Investment Division to the Company
- (f) the transfer of contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature relating to the Division of the Transferor Company to the Company from the Appointed Date;
- (g) the manner in which Transferor Company shall be deemed to have been carrying on the business and activities of the General Investment Division relating between the Appointed Date and the Effective Date for and on account of, and in trust for, the Company;
- (h) The swap ratio, as per the scheme is, issuance to all the equity shareholders of the Transferor Company as on record date is, 1 fully paid up share for the face value of Rs. 10 each by our Company for every 1 equity shares held by such shareholder of the Transferor Company;
- (i) all the equity shares to be issued and allotted to the equity shareholders of the Transferor Company as aforesaid shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank *pari-passu* in all respects with the existing equity shares of the Company;
- (j) the transfer of all debts, liabilities, duties and obligations of the General Investment Division of the Transferor Companies to the Company;
- (k) the costs, charges and expenses in carrying out and implementation of the terms and provisions of the Scheme and all the costs incidental thereto including those incurred during negotiations leading to the Scheme shall be borne by our Company and the Transferor Company equally.

#### ***Other Agreements***

As on the date of this Draft Prospectus our Company has not entered into any agreements other than those entered into in the ordinary course of business.

#### ***Strategic Partners***

As on the date of filing this Draft Prospectus our Company does not have any strategic partners.

#### ***Financial Partners***

As on the date of filing this Draft Prospectus our Company does not have any financial partners.

## OUR MANAGEMENT

In accordance with our Articles, our Company is required to have not less than three directors and not more than twelve directors. Our Company has six Directors on its Board. The chairman of our Board is an executive Director and in compliance with the requirement of clause 49 of the listing agreement, our Company has three Executive Directors and three Non - Executive Independent Directors

## Our Board

As on date of filing the Draft Prospectus with SEBI, the details of our board is given below:

Sr. Numbers	Name, Designation, Husband's Name, Nationality, Occupation and DIN	Father's/ Address,	Age	Date of Appointment as Director and Term	Details of other Directorships/ partnership
1.	<b>Mr. Chandra P. Agarwal</b>		54	<i>Date of appointment:</i> April 1, 2009  <i>Term:</i> 5 years commencing from April 1, 2009	<u>Indian companies</u>  1. Gallantt Udyog Ltd. 2. Gallantt Metal Ltd.
	<i>Designation:</i> Chairman and Managing Director				
	<i>Father's name:</i> Late Mr. Govind Prasad Agarwal				
	<i>Residential Address:</i> Govind Mills Limited, Behind Vikas Nagar, Moharipur, Gorakhpur, Uttar Pradesh -273 007				
	<i>Nationality:</i> Indian				
	<i>Occupation:</i> Industrialist				
	<i>DIN:</i> 01814318				
2.	<b>Mr. Prem P. Agarwal</b>		43	<i>Date of appointment:</i> April 1, 2009  <i>Term:</i> 5 years commencing from April 1, 2009	<u>Indian companies</u>  1. Gallantt Udyog Ltd.
	<i>Designation:</i> Whole Time Director				
	<i>Father's name:</i> Late Govind Prasad Agarwal				
	<i>Residential Address:</i> 341 - U, Saket Nagar, Gorakhpur, Uttar Pradesh – 273 015				
	<i>Nationality:</i> Indian				
	<i>Occupation:</i> Industrialist				
	<i>DIN:</i> 01397585				
3.	<b>Mr. Nitin M. Kandoi</b>		37	<i>Date of appointment:</i> October 10, 2009  <i>Term:</i> 5 years	<u>Indian companies</u>  1. Gallantt Metal Ltd.
	<i>Designation:</i> Whole Time Director				

<i>Father's name:</i> Late Mahavir Prasad		commencing from October 10, 2009	
<i>Residential Address:</i> Govind Mills Limited, Bargdawa, Vikas Nagar, Uttar Pradesh – 273 015			
<i>Nationality:</i> Indian			
<i>Occupation:</i> Industrialist			
<i>DIN:</i> 01979952			
4. <b>Mr. Virendra K. Keshari</b>	50	<i>Date of appointment:</i> October 10, 2009	<u><i>Indian companies</i></u>
<i>Designation:</i> Independent Director		<i>Term:</i> liable to retire by rotation	1. Nakodar Finance Private Limited
<i>Father's name:</i> Late Shiv S. Prasad			2. Aniruddh Motor & General Finance Private Limited
<i>Residential Address:</i> Keshari Sadan, Tal Bagan, Purba Putiary, Kolkata- 700093, West Bengal.			3. VNV Advisors Private Limited
<i>Nationality:</i> Indian			4. VNV Consultants Private Limited
<i>Occupation:</i> Professional, Chartered Accountant			5. Sadhvawana Vinimay Private Limited
<i>DIN:</i> 00455108			6. Mayur Tie-Up Private Limited
			7. Sunflower Consultants Private Limited
			8. Nilkanth Vyapaar Private Limited
			9. Kantha Distributors Private Limited
			10. Gram Bangla Resorts Private Limited
			11. Gallantt Metal Limited
5. <b>Mr. Rajesh K. Jain</b>	41	<i>Date of appointment:</i> October 10, 2009	<u><i>Indian companies</i></u>
<i>Designation:</i> Independent Director		<i>Term:</i> liable to retire by rotation	1. Gallantt Metal Limited
<i>Father's name:</i> Mr. Sushil Kumar Jain			
<i>Residential Address:</i> B-50, Suraj Kund Colony, Gorakhpur - 273015, Uttar Pradesh.			
<i>Nationality:</i> Indian			
<i>Occupation:</i> Professional, Chartered Accountant			
<i>DIN:</i> 02113164			
6. <b>Mr. Jyotirindra N. Dey</b>	73	<i>Date of appointment:</i> October 10, 2009	<u><i>Indian companies</i></u>

<i>Designation:</i> Independent Director	<i>Term:</i> liable to retire by rotation	1. Gallantt Metal Limited
<i>Father's name:</i> Late Amrendra Nath Dey		2. Concrete Credit Limited
<i>Residential Address:</i> 40F, Dr. Suresh Sarkar Road, Kolkata – 700014		3. Princeton Comtrade Private Limited
<i>Nationality:</i> Indian		4. Saheli Goods Private Limited
<i>Occupation:</i> Professional, Electrical Engineer		
<i>DIN:</i> 00180925		

*Note: None of the above mentioned Directors and companies in which they were or are Directors have been debarred or prohibited from accessing the capital market by SEBI.*

Except for the following relationships between our Directors, none of our Directors are related to each other:

1. Mr. Chandra P. Agarwal is the brother of Mr. Prem P. Agarwal
2. Mr. Nitin M. Kandoi is the brother-in-law of Mr. Chandra Prakash Agarwal

Our Company has not entered into any arrangement or understanding with its major shareholders, customers, suppliers or others pursuant to which any of the directors were selected as a director or member of senior management. Further, except for statutory benefits upon termination of their employment in our Company or upon retirement, no officer of our Company, including our Directors and our key managerial persons, are entitled to any benefits upon termination of employment with our Company.

## **BRIEF PROFILE OF OUR DIRECTORS**

**Mr. Chandra Prakash Agarwal**, aged 54 years, is one of the Promoters of our Company and has motivated our Company to succeed in this business. He is a Bachelor of Commerce from the University of Gorakhpur and has an overall experience of twenty three years including thirteen years of experience in the steel industry.

In 1988 Mr. Agrawal set up Govind Agro Industries Private Limited, which was involved in running a flour mill at Gorakhpur. In 1994 the company, under his guidance, set up an induction furnace to produce mild steel ingots and thereafter in 1996, the company added a re – rolling mill. In 2005, Mr. Agarwal set up a company by the name of Gallantt Metal Limited which is involved in running an integrated steel plant and a captive power plant. As the Managing Director Mr. Agarwal, has been the backbone of our Company's operations and the main driving force behind our current and proposed ventures. He is involved in formulating financial strategies and policies of our Company.

Mr. Agarwal is also associated with one of the Group Companies Gallantt Udyog Limited, a company involved in manufacturing of wheat flour products. He is also a promoter Director of one of our Group Companies, Gallantt Metal Limited where he heads the General Administration and Finance department.

**Mr. Prem P. Agarwal**, aged 43 years, is one of the Promoters of our Company. He is a Bachelor of Commerce from the University of Gorakhpur and has an aggregate experience of eighteen years in the manufacturing of wheat flour products and more than a decade of experience in the steel industry. Mr. Agarwal looks after our company's day to day administration, accounts and finance. He has been associated with our Company since inception. Mr. Agarwal is also a promoter director of one of our Group Companies, Gallantt Udyog Limited where he looks after the running of flourmills.

**Mr. Nitin M. Kandoi**, aged 37 years, is one of the Promoters of our Company. He is a Bachelor of Commerce from Mumbai University and has an overall experience of fourteen years in the steel industry. Mr. Kandoi was involved in the operations of the steel manufacturing facility of Gallantt Udyog Limited since 1995. He was involved in

setting up of the operations of our Company and has been instrumental in the implementation of technological advances made in the manufacturing processes of our Company. He has been with our Company since September 15, 2007.

**Mr. Virendra K. Keshari** is a Chartered Accountant from the Institute of Chartered Accountants of India. He has over seventeen years experience in the field of taxation, accounts and finance. He has been with our Company since October 10, 2009.

**Mr. Rajesh K. Jain** is a Bachelor of Commerce from University of Gorakhpur and a Chartered Accountant from the Institute of Chartered Accountants of India. He has over eight years experience in the field of taxation, accounts and finance. He has been with our Company since October 10, 2009.

**Mr. Jyotirindra Nath Dey** is an Electrical Engineer from Institute of Engineers, Kolkata. He has an aggregate experience of thirty nine years in the field of management and engineering, development of technology, banking and commerce. He has been with our Company since October 10, 2009.

## **BORROWING POWERS**

- The Directors may from time to time at their discretion raise or borrow any sum or sums of money for the purpose of the Company subject to the provisions of Sections 292 & 372A of the Act may secure payment or repayment of same in such manner and upon such terms and conditions in all respects as may be prescribed by the Board in particular by the creation of any mortgage, hypothecation, pledge or charge in and over the Company's stock, book-debts and other movable properties.
- The Directors may raise or secure the repayment of such sums in such manner and upon such terms and conditions in all respects as they think fit and in particular, by the issue of bonds, perpetual or redeemable debentures or debenture-stock or any mortgage, charge or other security on the undertaking of the whole or any part of the Company, both present and future, including its uncalled capital for the time being or by giving, accepting or endorsing on behalf of the Company and promissory Notes, Bills of Exchange or other negotiable instruments and no debenture shall carry any voting right whether generally or in respect of a particular class of shares or business.
- If any uncalled capital of Company be included in or charged by any mortgage or other security, the Board may, by instrument under the Company's seal, delegate the power under Section 292 of the Act to the person in whose favor such mortgage or security is executed or any other person in trust for him.
- Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
- The Directors may receive deposits on such terms and conditions and bearing interest at such rates as they may decide and fix and which may be made payable monthly, quarterly, half-yearly or yearly subject to the notifications issued from time to time by the Department of Non-Banking Companies, Reserve Bank of India, if any.

### **Borrowing in Excess of the Paid-Up Share Capital and Free Reserve of our Company**

The borrowing powers of our Directors are regulated by Articles 95, 96, 97, 98 and 99 of the Articles of Association of our Company. For further details, please refer to section titled '*Main Provisions of Articles of Association*' beginning on page numbers 259 of the Draft Prospectus.

Further, pursuant to a resolution passed at the Extra Ordinary General Meeting held on 13<sup>th</sup> October, 2008 of our Company, our Board of Directors was authorized to borrow money(s) on behalf of our Company in excess of the aggregate amount of paid up share capital and free reserves of our Company from time to time subject to an amount not exceeding Rupees 250.00 crores (Rupees Two Hundred Fifty Crore only) pursuant to section 293(1) (d) of the Companies Act, 1956. The following resolution was passed:

**“RESOLVED THAT** pursuant to Section 293 (1) (d) and all other applicable provisions, if any, of the Companies Act, 1956 all other enabling provisions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time any sum or sums of money together with moneys already borrowed by the Company (apart from temporary loan borrowed or to be borrowed from Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital and free reserves, that is to say, reserves not set apart for any specific purpose provided however the total amount of moneys so borrowed shall not exceed the limit of Rupees 250.00 crores (Rupees Two Hundred Fifty Crores only)”

***Terms of Appointment and Compensation of our Chairman and Managing Director and our Whole-Time Directors***

**1. Mr. Chandra P. Agarwal, Chairman and Managing Director**

<b>Tenure</b>	Appointed for a term of 5 years <i>vide</i> Agreement for Appointment of Managing Director, dated April 1, 2009
<b>Basic Salary</b>	At the rate of Rs. 25,000/- (Rupees Twenty Five Thousands only) per month with a provision for an annual increment of Rs. 2,000/- from the beginning of a financial year subject to a maximum upper limit of Rs. 50,000/-.
<b>Commission</b>	No commission shall be paid
<b>Perquisites</b>	<b><i>Medical Benefits:</i></b> He will be entitled to re-imbursement of medical expenses incurred.  <b><i>Leave Travel Concession:</i></b> He will be entitled to re-imbursement of leave travel concession for himself and his family expenses incurred.  <b><i>Club Fees:</i></b> He will be entitled to a re-imbursement for the club fees.
<b>Amenities</b>	<b><i>Conveyance facilities:</i></b> Managing Director will be provided with a car with driver for use on Company’s business. Use of car for private purpose, if any will be billed by the Company. The provision of car for official use and telephone at residence will not be considered as perquisite.  <b><i>Communication facilities:</i></b> Company shall provide telephone at the residence of Mr. Chandra P. Agarwal.  <b><i>Explanation:</i></b> Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.
<b>Minimum Remuneration</b>	The above salary will be payable to the Managing Director even in case of loss or inadequacy of profits in respect of any financial year during his tenure of office in compliance with Schedule XIII to the Companies Act, 1956.
<b>Sitting Fees</b>	Mr. Agarwal shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
<b>Gratuity and Encashment of Leave</b>	He will be entitled to gratuity and encashment of leave as per rules of the Company.

**2. Mr. Prem P. Agarwal, whole time Director**

<b>Tenure</b>	Appointed for a period of 5 years <i>vide</i> Agreement for Appointment of Whole Time Director , dated April 1, 2009
<b>Basic Salary</b>	At the rate of Rs. 25,000/- (Rupees Twenty Five Thousands only) per month with a provision for an annual increment of Rs. 2,000/- from the beginning of a financial year subject to a maximum upper limit of Rs. 50,000/-.

<b>Commission</b>	No commission shall be paid
<b>Perquisites</b>	<i>Mr. Agarwal shall be entitled to the following perquisites subject to a maximum amount not exceeding Rs. 3,00,000/- in a financial year.</i>  <i><b>Medical Benefits:</b></i> He will be entitled to re-imbursement of medical expenses incurred.  <i><b>Leave Travel Concession:</b></i> He will be entitled to re-imbursement of leave travel concession for himself and his family expenses incurred.  <i><b>Club Fees:</b></i> He will be entitled to a re-imbursement for the club fees.
<b>Amenities</b>	<i><b>Conveyance facilities:</b></i> Mr. Agarwal will be provided with a car with driver for use on Company's business. Use of car for private purpose, if any will be billed by the Company. The provision of car for official use and telephone at residence will not be considered as perquisite.  <i><b>Communication facilities:</b></i> Company shall provide telephone at the residence of Mr. Agrawal.  <i><b>Explanation:</b></i> Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.
<b>Minimum Remuneration</b>	The above salary will be payable to the Managing Director even in case of loss or inadequacy of profits in respect of any financial year during his tenure of office in compliance with Schedule XIII to the Companies Act, 1956.
<b>Sitting Fees</b>	Mr. Agrawal shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
<b>Gratuity and Encashment of Leave</b>	He will be entitled to gratuity and encashment of leave as per rules of the Company.

### 3. Mr. Nitin Kandoi, whole time Director

<b>Tenure</b>	Appointed for a period of 5 years <i>vide</i> Agreement for Appointment of whole time Director, dated October 10, 2009
<b>Basic Salary</b>	At the rate of Rs. 25,000/- (Rupees Twenty Five Thousands only) per month with a provision for an annual increment of Rs. 2,000/- from the beginning of a financial year subject to a maximum upper limit of Rs. 50,000/-.
<b>Commission</b>	No commission shall be paid
<b>Perquisites</b>	<i>Mr. Kandoi shall be entitled to the following perquisites subject to a maximum amount not exceeding Rs. 3,00,000/- in a financial year.</i>  <i><b>Medical Benefits:</b></i> He will be entitled to re-imbursement of medical expenses incurred.  <i><b>Leave Travel Concession:</b></i> He will be entitled to re-imbursement of leave travel concession for himself and his family expenses incurred.  <i><b>Club Fees:</b></i> He will be entitled to a re-imbursement for the club fees.
<b>Amenities</b>	<i><b>Conveyance facilities:</b></i> Mr. Kandoi will be provided with a car with driver for use on Company's business. Use of car for private purpose, if any will be billed by the Company. The provision of car for official use and telephone at residence will not be considered as perquisite.  <i><b>Communication facilities:</b></i> Company shall provide telephone at the residence of Mr. Kandoi.



	<b>Explanation:</b> Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.
<b>Minimum Remuneration</b>	The above salary will be payable to the Managing Director even in case of loss or inadequacy of profits in respect of any financial year during his tenure of office in compliance with Schedule XIII to the Companies Act, 1956.
<b>Sitting Fees</b>	Mr. Agrawal shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
<b>Gratuity and Encashment of Leave</b>	He will be entitled to gratuity and encashment of leave as per rules of the Company.

### Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with regard to corporate governance will be applicable to our Company immediately upon filing the Draft Prospectus with SEBI. The company's board currently comprises of six (6) directors. Half of our Board of Directors is comprised of independent directors, thereby complying with Clause 49 of the listing agreement with regard to broad basing of the Board.

The Company believes in adopting the best corporate governance practices, based on the following principles in order to maintain transparency, accountability and ethics:

- Recognition of the respective roles and responsibilities of the management;
- Independent verification and assured integrity of financial reporting;
- Protection of shareholders' right and priority for investor relations; and
- Timely and accurate disclosure on all material matters concerning operations and performance of our Company.

The Company has constituted the following committees of its Board of Directors for compliance with corporate governance requirements:

1. Audit Committee,
2. Share Transfer and Shareholders / Investors Grievance committee,
3. Remuneration Committee; and
4. IPO Committee.

### Composition of Board of Directors:

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. One half of our Board comprises of Independent Directors. Our Board has six Directors of which three are independent directors in accordance with the requirement of clause 49 of the Listing Agreement of the stock exchanges. The Chairman of our Board is an Executive Director.

### Board structure:

Sr. Numbers	Name of Director	Designation	Status	Term of Directorship
1.	Mr. Chandra P. Agarwal	Chairman and Managing Director	Executive Director	Five years commencing from April 1, 2009
2.	Mr. Prem P. Agarwal	Whole time Director	Executive Director	Five years commencing from April 1, 2009 and liable to retire by rotation
3.	Mr. Nitin M. Kandoi	Whole Time Director	Executive Director	Five years commencing

					from October 10, 2009 and liable to retire by rotation
4.	Mr. Virendra K. Keshari	Independent Director	Non-executive Director		liable to retire by rotation
5.	Mr. Rajesh K. Jain	Independent Director	Non-executive Director		liable to retire by rotation
6.	Mr. Jyotirindra N. Dey	Independent Director	Non-executive Director		liable to retire by rotation

#### ***Audit Committee:***

The Audit Committee was constituted *vide* a resolution passed by the Board at its meeting held on October 10, 2009. The terms of reference of the audit committee covers the matters specified under Section 292A of the Companies Act. The committee is responsible for effective supervision of the financial operations and ensuring that financial, accounting activities and operating controls are exercised as per the laid down policies and procedures.

The current terms of reference of the audit committee fully comply with the requirements of clause 49 of the listing agreement as well as Section 292 A of the Companies Act. These broadly include approval of internal audit programme, review of financial reporting systems, internal control systems, ensuring compliance with statutory and regulatory provisions, discussions on quarterly, half yearly and annual financial results, interaction with senior management, statutory and internal auditors, recommendation for re-appointment of statutory auditors etc.:

<b>Name of the Director</b>	<b>Designation in the Committee</b>	<b>Nature of Directorship</b>
Mr. Virendra K. Keshari	Chairman	Non-Executive/Independent Director
Mr. Rajesh K. Jain	Member	Non-Executive/Independent Director
Mr. Jyotirindra N. Dey	Member	Non-Executive/Independent Director

*Mr. Nitesh Kumar, Company Secretary of our Company will act as the Secretary for the Audit Committee.*

Audit Committee shall have the following powers:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice;
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference of the Audit Committee are as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment for any other services.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Appointment, removal and terms of remuneration of internal auditors
5. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to the financial statements;
  - Disclosure of any related party transactions;
  - Qualifications in the draft audit report.

6. Reviewing with the management, external and internal auditors and the adequacy of internal control systems.
7. Monitoring the use of the proceeds of the proposed Initial Public Offer of the Company.
8. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
9. Reviewing internal audit reports and adequacy of the internal control systems.
10. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
11. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors
12. Discussion with internal auditors any significant findings and follow up there on.
13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
14. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
15. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
16. To review the functioning of the whistle blower mechanism, when the same is adopted by the Company.
17. Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

***Share Transfer and Shareholders / Investors Grievance committee:***

Our Company has formed a Share Transfer and Shareholders / Investors Grievance committee pursuant to clause 49 of the listing agreement for looking into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet etc. The shareholders'/investors' grievance committee was constituted *vide* a resolution passed by the Board at its meeting held on October 10, 2009.

The Share Transfer and Shareholders / Investors Grievance Committee committee consists of the following Directors:

<b>Name of the Director</b>	<b>Designation in the Committee</b>	<b>Nature of Directorship</b>
Mr. Rajesh K. Jain	Chairman	Non-Executive/Independent Director
Mr. Virendra K. Keshari	Member	Non-Executive/Independent Director
Mr. Jyotirindra N. Dey	Member	Non-Executive/Independent Director
<i>Mr. Nitesh Kumar, Company Secretary of the Company will act as the Secretary for the Share Transfer and Shareholders/Investors' Grievance Committee.</i>		

The Share Transfer and Shareholders / Investors Grievance Committee was constituted specifically to look into the redressal of shareholders and investors' complaints like:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressal of shareholder and investor complaints like transfer of shares, allotment of shares, non-receipts of the refund orders, right entitlement, non-receipt of Annual Reports and other entitlements, non-receipt of declared dividends etc;
3. Issue of duplicate / split / consolidated share certificates;
4. Listing of shares;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances

***Remuneration Committee:***

Our Company has constituted a remuneration committee pursuant to the requirement of Schedule XIII of the Companies Act for approving remuneration to the executive Directors. This remuneration committee, while

approving minimum remuneration under Schedule XIII, takes into account the financial position of our Company, trends in industries, Director's qualifications, experience, past performance, past remuneration etc. The remuneration committee was constituted *vide* a resolution passed by the Board at its meeting held on October 10, 2009.

The remuneration committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Jyotirindra N. Dey	Chairman	Non-Executive/Independent Director
Mr. Virendra K. Keshari	Member	Non-Executive/Independent Director
Mr. Rajesh K. Jain	Member	Non-Executive/Independent Director

*Mr. Nitesh Kumar, Company Secretary of the Company, will act as the Secretary for the Remuneration Committee.*

The terms of reference of the Remuneration Committee are as follows:

1. To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/Deputy Managing/Whole time/Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
2. To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/Deputy Managing/Whole-time/Executive Directors, including pension rights and any compensation payment;
3. To implement, supervise and administer any share or stock option scheme of the Company

#### ***IPO Committee***

The IPO Committee was constituted *vide* a resolution passed by the Board at its meeting held on October 10, 2009. The Committee was constituted to oversee and inform the Audit Committee when money is raised through prospectus or rights or preferential issues and shall inform of funds received, utilized, pending for project implementation *etc.* for the information of the Stock Exchanges and Investors and shall keep the information up dated through our Company's website.

The IPO Committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Chandra P. Agarwal	Chairman	Executive Director
Mr. Jyotirindra N. Dey	Member	Non-Executive/Independent Director
Mr. Rajesh K. Jain	Member	Non-Executive/Independent Director

*Mr. Nitesh Kumar, our Company secretary and Compliance officer, shall be the secretary to the IPO Committee.*

The terms of reference of the IPO Committee of our Company includes:

- 1) to decide on the actual size of the Issue, including any reservation shareholders of promoting companies or shareholders of Group Companies and/or any other reservations or firm allotments as may be permitted, timing, pricing and all the terms and conditions of the Issue of the shares, including the price, and to accept any amendments, modifications, variations or alterations thereto;
- 2) to appoint and enter into arrangements with the Lead Manager, Co – Lead Managers to the Issue, Underwriters to the Issue, Syndicate Members to the Issue, Advisors to the Issue, Stabilizing Agent, Brokers to the Issue, Escrow Collection Bankers to the Issue, Registrars, Legal Advisors to the Issue, Legal Advisors to our Company, Legal Advisors as to Indian and overseas jurisdictions, advertising and/or promotion or public relations agencies and any other agencies or persons;
- 3) to finalize and settle and to execute and deliver or arrange the delivery of the offering documents (the Draft Prospectus and the Final Prospectus (including the draft international wrap and final international wrap, if required, for marketing of the Issue in jurisdictions outside India), syndicate agreement, underwriting

- agreement, escrow agreement, stabilization agreement and all other documents, deeds, agreements and instruments as may be required or desirable in connection with the Issue of shares or the Issue by our Company;
- 4) to open one or more separate current account(s) in such name and style as may be decided, with a scheduled bank to receive applications along with application monies in respect of the Issue of the shares of our Company;
  - 5) to open one or more bank account of our Company such name and style as may be decided for the handling of refunds for the Issue;
  - 6) to make any applications to the RBI, FIPB and such other authorities, as may be required, for the purpose of Issue of shares by our Company to non-resident investors including but not limited to NRIs, FIIs, FVCI's and other non-residents;
  - 7) to make applications for listing of the equity shares of our Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);
  - 8) to settle all questions, difficulties or doubts that may arise in regard to the Issue or allotment of shares as it may, in its absolute discretion deem fit; and
  - 9) to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, or otherwise in relation to the Issue or any matter incidental or ancillary in relation to the Issue, including without limitation, allocation and allotment of the shares as permissible in law, issue of share certificates in accordance with the relevant rules.

## SHAREHOLDING OF DIRECTORS

The shareholding of the directors as on the date of filing of Draft Prospectus is as follows:

SR. NUMBERS	NAME OF DIRECTOR	NUMBER OF SHARES
1	Mr. Chandra P. Agarwal	31,12,000
2	Mr. Nitin M. Kandoi	80,000
3	Mr. Prem P. Agarwal	33,333

## INTEREST OF DIRECTORS

All the non executive directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws.

The Directors may also be regarded as interested in the shares & dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by Gallantt Ispat Limited with any Company in which they hold Directorships or any partnership/proprietorship firm in which they are proprietor/partners as declared in their respective declarations.

The Managing Director of Gallantt Ispat Limited is interested to the extent of remuneration paid to him for services rendered to the Company. For more details, please refer '*Related Party Disclosures*' on page numbers 199. Further, the Directors are interested to the extent of Equity Shares that they are holding and or allotted to them out of the present Issue, if any, in terms of the Draft Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

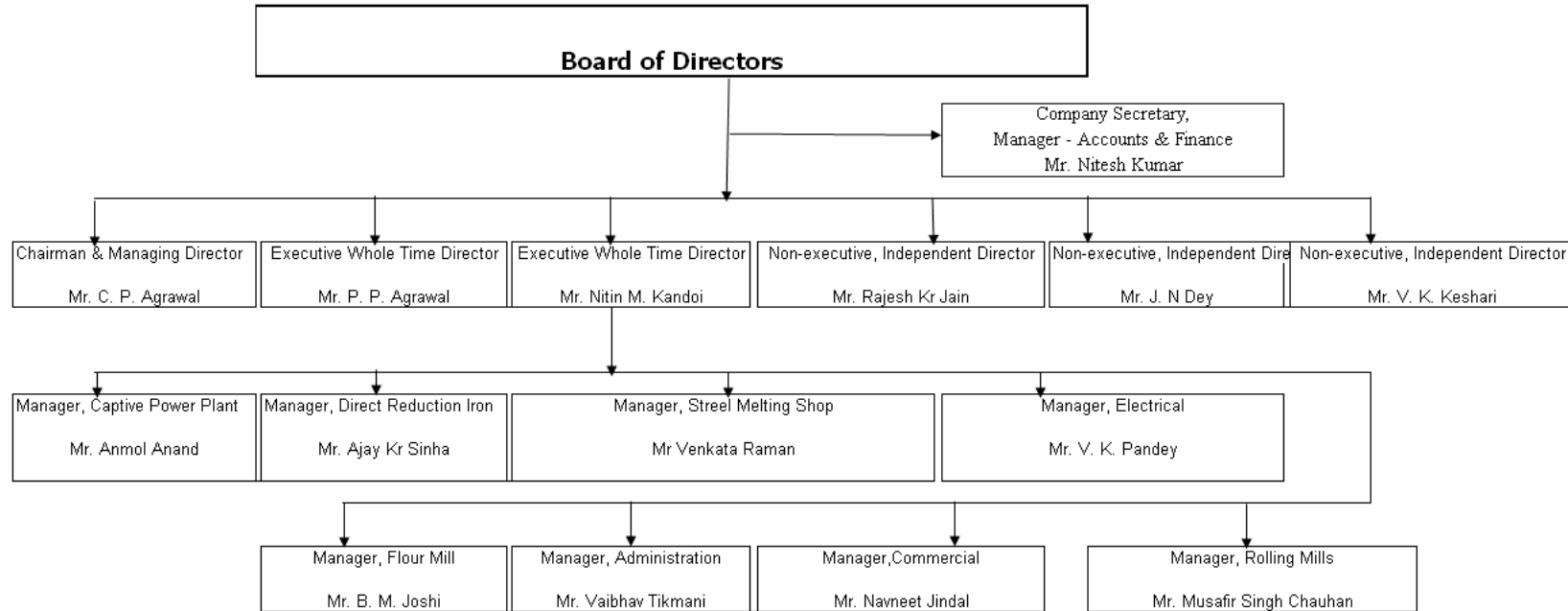
Except as stated otherwise in this Draft Prospectus, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Draft Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered with them.

## CHANGES IN DIRECTORS DURING LAST THREE YEARS

Changes in the Board of Directors of Company in last three years are as follows:

<b>Name</b>	<b>Date of Appointment</b>	<b>Reasons</b>
Nitin M Kandoi	September 15, 2007	Appointment
Virendra Kumar Keshari	October 10, 2009	Appointment
Rajesh Kumar Jain	October 10, 2009	Appointment
Jyotirindra Nath Dey	October 10, 2009	Appointment

## ORGANISATION STRUCTURE



### ***Key Managerial Personnel***

Our Company is managed by its Board of Directors, assisted by qualified professionals, who are permanent employees of our Company; with vast experience in the field of production, finance, distribution and marketing.

1. ***Mr. Anmol Anand***, aged 50 years, is the manager for our Captive Power Plant. Prior to joining our Company Mr. Anand has worked with Gallantt Metal Limited, as Vice President, power plant. He has an aggregate experience of over 30 years. He has been with the Company since August 1, 2009. Mr. Anand received a gross salary of Rs. 2,33,332/- since appointment.
2. ***Mr. Ajay Kumar Sinha***, aged 57 years, is the manager of our direct reduction iron plant. He is in charge of running the direct reduction iron plant. Mr. Sinha has completed his Diploma in Mechanical Engineering from Magadha University, Gaya. He has an aggregate experience of over 28 years. Prior to joining our Company Mr. Sinha has worked with Rana Steel and Power, Talchar. He has been with the Company since March 20, 2009. Mr. Sinha received a gross salary of Rs. 4,68,108/- since appointment.
3. ***Mr. Venkata Raman***, aged 41 years, is the manager for our Steel Melting Shop. He is in charge of operations of our steel melting shop. Mr. Raman has completed his Diploma in Mechanical Engineering from Kanpur University, Uttar Pradesh. He has an aggregate experience of over 22 years. Prior to joining our Company Mr. Raman has worked with Shyam Ferro Alloys, Durgapur. He has been with the Company since September 21, 2009. Mr. Raman received a gross salary of Rs. 2,33,332/- since appointment.
4. ***Mr. V.K. Pandey***, aged 45 years, is the Electrical Manager. Mr. Pandey has completed his Diploma in Electrical Engineering from government College, Sahadol, Madhya Pradesh. He has an aggregate experience of over 17 years. Prior to joining our Company Mr. Pandey has worked with Satya Power & Steel Private Limited, Durgapur, as Manager (Electricals). He has been with the Company since December 1, 2008. Mr. Pandey received a gross salary of Rs. 4,00,000/- since appointment.
5. ***Mr. Musafir Singh Chauhan***, aged 33 years, is the manager for our Rolling Mill. He is in charge of the rolling mill unit of our Company. Mr. Chauhan has completed his schooling till standard 8. He has an aggregate experience of over 15 years. Prior to joining our Company Mr. Chauhan has worked with Raja Ispat Roll Mill, Bilaspur. He has been with the Company since January 18, 2009. Mr. Chauhan received a gross salary of Rs. 3,46,233/- since appointment.
6. ***Mr. Vaibhav Tikmani***, aged 22 years, is the Manager Administration. He is in charge of General Administrative Division. Mr. Tikmani has completed his Bachelors in Business Administration from ICFAI, Hyderabad. He has an aggregate experience of 1.5 years. He has been with the Company since April 1, 2009. Mr. Tikmani received a gross salary of Rs. 3,66,664/- since appointment.
7. ***Mr. B.M. Joshi***, aged 45 years, is the manager for our flour mill. He is in charge of the flour mill unit of our Company. Mr. Joshi has completed his Diploma in Flour Milling Technology from the International School of Milling Technology at Mysore. He has an aggregate experience of over 18 years. Prior to joining our Company Mr. Joshi has worked with Venkateshwar Flour Mills Limited, Lucknow as works manager, Gallantt Group's Flour Mill units as works manager since 1989 and worked in Gallantt group's Steel Unit and Flour Mill since 2005 as production manager. He has been with the Company since December 1, 2008. Mr. Joshi received a gross salary of Rs. Rs. 3,00,000/- since appointment.
8. ***Mr. Navneet Jindal***, aged 45 years, is our Manager - Commercial. He liasons with the government and other agencies with regards to obtaining approvals etc. Mr. Jindal is a Bachelor of Commerce from the University of Gorakhpur. He has an aggregate experience of over 20 years. Mr. Jindal has been with the Company since the past 16 years and has been looking after the commercial aspects of our Group. Mr. Jindal received an annual remuneration of Rs. 3,00,000/- for fiscal 2009..
9. ***Mr. Nitesh Kumar***, aged 29 years, is our Company Secretary and Manager Finance & Accounts. Mr. Kumar is a Bachelor of Commerce (Honours) and an Associate Company Secretary. He has an aggregate experience of over 4 years. Prior to joining our Company Mr. Kumar has worked with Concrete Credit Limited as the



Company Secretary. He has been with the Company since August 11, 2008. Mr. Kumar received an annual gross remuneration of Rs. 3,00,000/- in fiscal 2009.

We confirm that other than as mentioned above, the Promoters / Directors of our Company do not have any relationship whatsoever with our Key Managerial Personnel. All the Key Managerial Personnel mentioned above are on the payrolls of our Company as the permanent employees.

#### **SHAREHOLDING OF OUR KEY MANAGERIAL PERSONNEL**

None of the Key Managerial Personnel are holding shares in the company as on date of this Draft Prospectus.

#### **BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL**

There is no fixed or certain bonus or profit sharing plan for the key managerial personnel. The key managerial personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of benefits derived on Equity Shares held by them in our Company.

#### **CHANGES IN KEY MANAGERIAL PERSONNEL**

There has been no change in the Key Managerial Personnel within one-year prior up to the date of filing the Draft Prospectus with the Board.

#### **ARRANGEMENT OR UNDERSTANDING WITH MAJOR SHAREHOLDERS, CUSTOMERS, SUPPLIERS OR OTHERS:**

There is no understanding with major shareholders, customers, suppliers or others pursuant to which any of the above mentioned personnel have been recruited.

#### **INTEREST OF KEY MANAGERIAL PERSONNEL**

All our key managerial personnel may be deemed to be interested to the extent of the remuneration and other benefits in accordance with their terms of employment for services rendered as officers or employees to our Company. Further, if any Equity Shares are allotted to our key managerial personnel in terms of this Issue, they will be deemed to be interested to the extent of their shareholding and / or dividends paid or payable on the same. Furthermore, no amount towards benefit has been paid or given during the preceding year to any of our key managerial personnel.

#### **EMPLOYEES**

We believe that a motivated and empowered employee base is integral to our competitive advantage. Our Company has 256 employees as on the date of filing of this Draft Prospectus. The details of which are enumerated below:

<b>Particulars</b>	<b>Senior Managers</b>	<b>Skilled Labor</b>	<b>Contract Labor</b>	<b>Total</b>
SMS	6	16	35	57
Rolling	4	14	65	83
Flour Mill	4	19	40	63
Administrative	5	32	-	37
Project	3	13	-	16
<b>Total</b>	<b>22</b>	<b>94</b>	<b>140</b>	<b>256</b>

#### **EMPLOYEES STOCK OPTION SCHEME / EMPLOYEES STOCK PURCHASE SCHEME**

Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme.

#### **PAYMENT OR BENEFIT TO OFFICERS OF THE COMPANY**

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment or engagement, we have not paid any amount or given any benefit to any officer of our Company, nor is such amount or benefit intended to be paid or given to any officer as on the date of filing this Draft Prospectus with SEBI.

## OUR PROMOTERS AND THEIR BACKGROUND

Our Company has been promoted by Mr. Chandra P. Agarwal, Mr. Nitin M. Kandoi, Mr. Prem P. Agarwal, Chandra P. Agarwal & Sons HUF and Gallantt Metal Limited.

### *I. Details of our Natural Promoters are:*

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**Mr. Chandra Prakash Agarwal**, aged 54 years, is one of the Promoters of our Company and has motivated our Company to succeed in this business. He is a Bachelor of Commerce from the University of Gorakhpur and has an overall experience of twenty three years including thirteen years of experience in the steel industry.

In 1988 Mr. Agrawal set up Govind Agro Industries Private Limited, which was involved in running a flour mill at Gorakhpur. In 1994 the company, under his guidance, set up an induction furnace to produce mild steel ingots and thereafter in 1996, the company added a re – rolling mill. In 2005, Mr. Agarwal set up a company by the name of Gallantt Metal Limited which is involved in running an integrated steel plant and a captive power plant. As the Managing Director Mr. Agarwal, has been the backbone of our Company's operations and the main driving force behind our current and proposed ventures. He is involved in formulating financial strategies and policies of our Company.

Mr. Agarwal is also associated with one of the Group Companies Gallantt Udyog Limited, a company involved in manufacturing of wheat flour products. He is also a promoter Director of one of our Group Companies, Gallantt Metal Limited where he heads the General Administration and Finance department.

Driving License 7307/04  
Numbers:  
Voter ID Numbers: DWQ1446830  
DIN Numbers: 01814318



**Mr. Prem P. Agarwal**, aged 43 years, is one of the Promoters of our Company. He is a Bachelor of Commerce from the University of Gorakhpur and has an aggregate experience of eighteen years in the manufacturing of wheat flour products and more than a decade of experience in the steel industry. Mr. Agarwal looks after our company's day to day administration, accounts and finance. He has been associated with our Company since inception. Mr. Agarwal is also a promoter director of one of our Group Companies, Gallantt Udyog Limited where he looks after the running of flourmills.

Driving License 722/90  
Numbers:  
Voter ID Numbers: DWQ1596444  
DIN Numbers: 01397585

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**Mr. Nitin M. Kandoi**, aged 37 years, is one of the Promoters of our Company. He is a Bachelor of Commerce from Mumbai University and has an overall experience of fourteen years in the steel industry. Mr. Kandoi was involved in the operations of the steel manufacturing facility of Gallantt Udyog Limited since 1995. He was involved in setting up of the operations of our Company and

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has been instrumental in the implementation of technological advances made in the manufacturing processes of our Company. He has been with our Company since September 15, 2007.

Driving License MH-01-90-18327  
Numbers:  
Voter ID Numbers: MT/04/019/255136  
DIN Numbers: 01979952

*We confirm that the Permanent Account Numbers, bank account numbers and passport numbers of our Promoters will be submitted to BSE and NSE at the time of filing this Draft Prospectus with the Stock Exchanges.*

*Further, we confirm that our Promoters, our Promoter Group and Group entities have confirmed that they have not been detained as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or currently pending against them. None of the our Promoters, our Promoter Group and Group entities or persons in control of the Promoters or bodies corporate forming part of the Promoter Group and Group Entities has been (i) prohibited from accessing the capital market under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.*

## **II. Details of our corporate Promoters are:**

### **1. Chandra Prakash Agarwal & Sons HUF ('CPAS')**

Mr. Chandra P. Agarwal is the Karta of CPAS.

#### ***Beneficiaries of CPAS***

Mr. Chandra P. Agarwal, Ms. Madhu Agrawal and Mr. Mayank Agrawal

#### ***Financial Performance***

The audited financial results of the HUF for the last three financial years are as follows:

Particulars	For the Financial Year ended March 31 (Rs. in lacs)		
	2008	2007	2006
Total Income	1.74	1.61	1.44
Capital	88.79	89.59	87.42

### **2. Gallantt Metal Limited ("GML")**

GML was incorporated under the Companies Act, 1956, vide Certificate of Incorporation dated February 7, 2005, with corporate identity number L27109 WB2005PLC101553. GML received its certificate for commencement of business on February 11, 2005.

#### ***Registered Office***

The registered office of GML is located at Ashyana, 29C, Bentinck Street, Kolkata – 700 069.

#### ***Principal Business of GML***

GML is engaged in the manufacturing of sponge iron (99,000 MTPA), steel melt shop products (1,76,420 MTPA) and re-rolled products (TMT bars) (1,68,300 MTPA) GML has set up a captive power plant with an installed capacity of 25 MW. The power generated from the plant is utilised by GML for its manufacturing facilities. GML commenced commercial production of steel from December 29, 2005. GML has entered into an agreement with

Gujarat Urja Vikas Nigam Limited (“GUVNL”) whereby GUVNL has agreed to purchase 1MW to 5MW of surplus power from GML’s 25 MW captive power plant on an ‘as and when required’ basis at a consolidated rate of Rs. 2.50 per KWh including all taxes, duties, cess

#### ***Promoters of GML***

1. Mr. ChandraP. Agarwal
2. Mr. Nitin M. Kandoi
3. Mr. Dinesh K. Agarwal
4. Gallantt Udyog Limited

#### ***Board of Directors of GML***

1. Mr. Chandra Prakash Agarwal, Managing Director
2. Mr. Mahesh Kumar Gupta, Whole Time Director
3. Mr. Virendra Kumar Keshari, Director
4. Mr. Nitin M Kandoi, Director
5. Mr. DineshKumar Raghubirprasad. Agarwal, Whole Time Director
6. Mr. Manish Pukhraj Jajoo, Director
7. Mr. Jyotirindra Nath Dey, Director
8. Mr. Rajesh Kumar Jain, Director

#### ***Latest Shareholding Pattern***

Category		Category of Shareholders			Total shareholding as a % of total numbers of Shares		Shares Pledged of otherwise Encumbered
Co de			Number of Holders	Number of Shares	Total Number of Shares in Demat	% of (A+B)      % of (A+B+C)	Number of shares      As a % of total number of shares
(A)	Shareholding of Promoter & Promoter Group						
(1)	Indian						
				510179	447129		51050      10.01
(a)	Individual/HUF	47	7	7	6.27	6.27	0
(b)	Bodies Corporate	6	391741	391741	48.17	48.17	14650      37.40
			65	65			000
	Sub-Total of (A)(1)	53	442759	436454	54.45	54.45	15160      34.24
			62	62			500
(2)	Foreign						
	Shareholding of Promoter & Promoter Group (A) =						
	(A)(1)+(A)(2)	53	442759	436454	54.45	54.445	15160      34.24
			62	62			500
(B)	Public Shareholding						
(1)	Institutions						
				500000	500000		
	Foreign Inst.Investors	1	0	0	6.15	6.15	
(2)	Non-Institutions						

			202889	202889				
(a)	Bodies Corporate	354	48	48	24.95	24.95		
(b)	Individuals							
	Individual Shareholders Holding Nominal Share Upto Rs.1 Lakh	10300	669296 6	668233 4	8.23	8.23		
	Individual Shareholders Holding Nominal Share greater than Rs.1 Lakh	127	431078 2	431078 2	5.30	5.30		
(c)	<b>Any Other</b>							
	NRI/OCBs	78	230636	230636	0.28	0.28		
	Trust	2	7000	7000	0.01	0.01		
	Clearing Memb/Clearing Cor	154	516030	516030	0.63	0.63		
			<b>320463</b>	<b>320357</b>				
	<b>Sub-Total</b>	<b>11015</b>	<b>62</b>	<b>30</b>	<b>39.41</b>	<b>39.41</b>		
	<b>(B)</b>							
	<b>Total Public Shareholding (B)</b>	<b>11016</b>	<b>370463 62</b>	<b>370357 30</b>	<b>45.55</b>	<b>45.55</b>		
			<b>813223</b>	<b>806811</b>			<b>15160</b>	<b>18.64</b>
	<b>TOTAL (A)+(B)</b>	<b>11069</b>	<b>24</b>	<b>92</b>	<b>100</b>	<b>100</b>	<b>500</b>	
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil	Nil		
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>11069</b>	<b>813223 24</b>	<b>806811 92</b>	<b>100</b>	<b>100</b>	<b>15160 500</b>	<b>18.64</b>

*The summary of the audited financials of GML for the last three financial years is as under:*

	(Rs. In lacs)		
Particulars	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Share Capital	8,132.23	7,632.23	7,632.23
Reserves (excluding revaluation reserves and surplus)	5,841.25	3,377.75	298.85
Income (including other income)	4,4348.01	3,8809.42	2,2389.25
Profit after Tax	1,413.50	3,078.90	396.44
Earnings per share (face value Rs. 10/- each)	1.81	4.03	0.52
Net Asset Value per share	17.06	14.24	10.14

*GML has not made any public or rights issue in the last three years and there has been no change in the capital structure in the last six months.*

*GML is not a sick company under the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985, as amended nor is it under the process of winding up.*

*Further, GML has confirmed that it has not been detained as wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by it in the past or are pending against it.*

We confirm that the permanent account number, bank account number, company identification number and address of the RoC where GML is registered shall be submitted to BSE and NSE at the time of filing of the Draft Prospectus with them

### Share Price Information

The equity shares of GML are listed on the BSE and NSE.

#### Highest and Lowest price of shares of GML on the Bombay Stock Exchange Limited in the last six months:

Month	High (Rs.)	Date High	of Volume on date of High	Low (Rs.)	Date Low	of Volume on date of Low	Total Volume in the Month	Average Price in the Month*
November, 2009	17.99	November 11	346,995	14.26	November 05	10,042	1,210,133	16.61
October, 2009	17.65	October 01	12,996	15.00	October 30	15,087	333,877	16.93
September, 2009	18.80	September 07	181,080	16.85	September 03	16,795	910,651	17.85
August, 2009	19.60	August 21	597,941	13.70	August 11	9,806	1,591,105	16.68
July, 2009	15.85	July 31	25,887	14.05	July 13	7,404	264,333	15.34
June, 2009	21.55	June 03	50,096	15.15	June 24	12,959	435,845	17.65

\*Average calculated as mean of closing high and low prices.

(Source: Bombay Stock Exchange Limited, Mumbai official website: [www.bseindia.com](http://www.bseindia.com))

Closing share price on Bombay Stock Exchange Limited as on December 16, 2009 was Rs. 19.15

Market Capitalization on the Bombay Stock Exchange Limited as on December 16, 2009 was Rs. 15,573.2 Lacs.

The details of the share prices on the National Stock Exchange Limited during last 6 months are as follows:

#### Highest and Lowest price of the shares of GML on the National Stock Exchange Limited in the last six months:

Month	High (Rs.)	Date High	of Volume on date of High	Low (Rs.)	Date Low	of Volume on date of Low	Total Volume in the Month	Average Price in the Month*
November, 2009	17.80	November 11	244,392	14.30	November 04	56,826	1,569,718	16.63
October, 2009	17.70	October 17	10,399	15.15	October 30	21,842	531,902	16.95
September, 2009	18.90	September 07	292,781	16.95	September 03	16,784	1,381,832	17.84
August, 2009	19.75	August 21	1,306,016	14.00	August 11	7,713	2,747,369	16.70
July, 2009	16.05	July 31	23,157	14.30	July 13	7,213	252,213	15.37
June, 2009	21.50	June 03	51,075	15.35	June 24	5,206	385,498	17.68

\*Average calculated as mean of closing high and low prices.

(Source: National Stock Exchange of India Limited, official website: [www.nseindia.com](http://www.nseindia.com))

Closing share price on National Stock Exchange Limited as on December 16, 2009, 2009 was Rs. 19.35.

Market Capitalization on the National Stock Exchange Limited as on December 16, 2009 was Rs. 15,735.80 Lacs.

***Mechanism for redressal of investor grievance***

All share related transactions namely, transfer, transmission, transposition, nomination, dividend, change of name / address / signature, registration of mandate / power of attorney, replacement / split / consolidation of share certificate / demat / remat of shares, issue of duplicate certificates are being handled by GML's registrar and transfer agent, M/s. Niche Technologies Private Limited.

The board of directors of GML has constituted a Share Transfer and shareholders' / investors' grievance committee which consists of the following Directors: Mr. Rajesh Kumar Jain, Mr. Jyotirindra Nath Dey and Mr. Virendra Kumar Keshari. The terms of reference of the shareholders' / investors' grievance committee are as per Clause 49 of the listing agreement. One of the primary functions carried out by shareholders' / investors' grievance committee is to approve request for re-materialisation of shares as well as the sub-division, consolidation, issue of renewed and duplicate share certificates. The committee oversees all matters encompassing shareholders' / investors' grievances.

The status of the number of Complaints for the year ended September 30, 2009 is as provided below:

Complaints outstanding as on April 1, 2009	Nil
Complaints received during the year ended June 30, 2009	1
Complaints resolved during the year ended June 30, 2009	1
Complaints outstanding as on September 30, 2009	Nil

***Relationship of Promoters with each other and with our Directors***

1. Mr. Chandra P. Agarwal is the brother of Mr. Prem P. Agarwal
2. Mr. Nitin M. Kandoi is the brother-in-law of Mr. Chandra Prakash Agarwal

***Corporate promoter of our Promoter, GML***

As on the date of this Draft Prospectus, Gallantt Udyog Limited holds 29.65% of the equity share capital of GML.

***The promoters of GUL are as under:***

1. Mr. Chandra P. Agarwal
2. Mr. Prem P. Agarwal
3. Mr. Santosh K. Agarwal

***Natural persons in control, holding 15% or more voting rights, in GUL***

1. Mr. Mayank Agarwal
2. Ms. Priya Agarwal

***Interests of the Promoter and Common Pursuits***

The Promoters of the Company are interested to the extent of their shareholding in the Company.

Except as stated otherwise in this Draft Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

Our Company, GML and GUL manufacture of sponge iron, steel melt shop products and re-rolled products (TMT bars). Further, our Company and GUL manufacture flour wheat products. The objects' clause of the Memorandum of Association of our Company, GML and GUL permit manufacturing of all forms of iron and steel and production



of wheat flour products. As the three entities do not have any non – compete agreements in place amongst themselves, there is a conflict of interest between our Company, GML and GUL.

For further details with regards to related party transactions, kindly refer to the section titled '*Related Party Transactions*' the chapter titled '*Financial Statements*' on page 180 of this Draft Prospectus.

***Payment of benefits to the Promoter***

Except as stated in the section titled '*Related Party Transactions*' the chapter titled '*Financial Statements*' on page 199 of this Draft Prospectus., there has been no payment of benefits to the Promoter during the two years prior to the filing of this Draft Prospectus.

***Confirmations***

Further, the Promoter has not been declared as a wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoter in the past or are pending against them except as disclosed in section titled "*Outstanding Litigation and Material Developments*" beginning on page 216 of this Draft Prospectus.

***Companies with which the Promoters have disassociated in the last three years***

Our Promoters have not disassociated from any company, partnership firm in the last three years.

## OUR PROMOTER GROUP AND GROUP ENTITIES

### *Promoter and Promoter Group in terms of Regulation 2(1)(za) and 2(1)(zb)*

Our Promoters are Mr. Chandra Prakash Agarwal, Mr. Nitin M. Kandoi, Mr. Prem Prakash Agarwal, Chandra Prakash Agarwal and Sons HUF and Gallantt Metal Limited.

### *Our Promoter Group consists of:*

#### *A. Individuals related to our natural Promoters:*

Relationship with Promoters	Mr. Chandra P. Agarwal	Ms. Madhu C. Agarwal	Mr. Nitin M. Kandoi	Ms. Shruti N. Kandoi	Mr. Prem P. Agarwal	Ms. Shyama P. Agarwal
<b>Father</b>	Late Govind Prasad Agarwal	Mr. Murari Krishna Tibrewal	Late Mahavir Prasad	Mr. Santosh Kabra	Late Govind Prasad Agarwal	Late Om Prakash Tibrewal
<b>Mother</b>	Late Draupadi Devi	Ms. Chanda Tibrewal	Ms. Karuna Kandoi	Ms. Sushila Kabra	Late Draupadi Devi	Ms. Sumitra Devi
<b>Spouse</b>	Ms. Madhu Agarwal	Mr. Chandra Prakash Agrawal	Ms. Shruti Kandoi	Mr. Nitin M Kandoi	Ms. Shyama Agarwal	Mr. Prem Prakash Agarwal
<b>Brother</b>	Mr. Prem Prakash Agarwal	Mr. Arun Tibrewal	–	Mr. Sharat Kabra	Chandra Prakash Agarwal	Mr. Sushil Kumar Tibrewal
	Mr. Santosh Kumar Agarwal	–	–	–	Santosh Kumar Agarwal	Mr. Girish Kumar Tibrewal
<b>Sister</b>	Ms. Manju Agrawal	Ms. Alka Agrawal	Ms. Nita Modi	–	Ms. Manju Agrawal	Ms. Sudha Poddar,
	Ms. Anju Pansari	Ms. Anita Agrawal	Ms. Namrata Agrawal	–	–	Ms. Kiran Agrawal
	–	–	–	–	–	Ms. Poonam Khetan
<b>Children</b>	Ms. Priyanka Gupta	Ms. Priyanka Gupta	Ms. Nandika Kandoi	Ms. Nandika Kandoi	Ms. Chandani Agrawal	Ms. Chandani Agrawal
	Ms. Priya Saraff	Ms. Priya Saraff	–	–	Ms. Stuti Agrawal	Ms. Stuti Agrawal
	Mr. Mayank Agrawal	Mr. Mayank Agrawal	–	–	Mr. Prakhar Agrawal	Mr. Prakhar Agrawal

#### *B. Companies, partnership firms, proprietary concerns, trusts, HUF's related to our natural Promoters, that is, related to Mr. Chandra Prakash Agarwal, Mr. Nitin M. Kandoi and Mr. Prem Prakash Agarwal:*

Nature of Relationship	Entity
Any body corporate in which 10% or more of the equity share capital is held by the Promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the Promoter or any one or more of his immediate relative is a member	Gallantt Udyog Limited
Any body corporate in which a body corporate as mentioned above holds 10% or more, of the equity share capital	NIL
Any HUF or firm in which the aggregate shareholding of	

the promoter and his immediate relatives is equal to or more than 10% NIL

**C. Companies, partnership firms, proprietary concerns, trusts, HUF's related to our corporate Promoters, that is, Chandra Prakash Agarwal and Sons HUF and Gallantt Metal Limited:**

Nature of Relationship	Entity
Any body corporate in which 10% or more of the equity share capital is held by the Promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the Promoter or any one or more of his immediate relative is a member	NIL
Any body corporate in which a body corporate as mentioned above holds 10% or more, of the equity share capital*	1. Hipoline Commerce Private Limited, 2. Gallantt Udyog Limited
Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than 10%	NIL

\* Lexi Exports Private Limited holds more than 10% (14.15%) in our Promoter, Gallantt Metal Limited, a listed company, in the public category.

**D. Persons whose shareholding is aggregated**

NIL

**The following entities form part of our Group Entities**

**1. Gallantt Udyog Limited ("GUL")**

GUL was originally incorporated in the name of 'Govind Steel & Power Limited' vide certificate of incorporation dated February 25, 2004, having registration number 097924 and CIN number U27109WB2004PLC097924. GUL received the certificate for commencement of business on March 1, 2004 from Registrar of Companies, West Bengal. Thereafter the name of the company was changed to Gallantt Udyog Limited vide fresh certificate of incorporation consequent upon change of name, dated November 5, 2007.

The registered office of GUL is situated at Ashyana, 29C, Bentinck Street, Kolkata – 700 069.

Govind Mills Limited, Utsav Merchants Private Limited, P. B. Mercantiles Private Limited, Surya Barter Private Limited, Rhino Goods Private Limited and Purnwasi Goods Private Limited were merged into Govind Steel & Power Limited vide order dated August 17, 2007 of the High Court of Calcutta.

As on date GUL is running three flour mills, in and around Gorakhpur, with an aggregate installed capacity of 2,00,000 MTPA. GUL set up an induction furnace and rolling mill for manufacturing of M.S. Ingot and M.S Round Bar with an installed capacity of 52,800 MTPA.

**Interest of Promoters:**

Equity share holding of our Promoters as on September 30, 2009

Name of the Promoter	Numbers of equity shares	% shareholding
Chandra Prakash Agrawal	42,975	1.05%
Prem Prakash Agrawal	2,38,265	5.83%
Santosh Kumar Agrawal	1,35,650	3.32%

**Board of Directors:**

As on September 30, 2009 GUL has five directors, as detailed herein below:

<b>Name</b>	<b>Designation</b>
Mr. Santosh K. Agarwal	Director
Mr. Chandra P. Agarwal	Director
Mr. Prem P. Agarwal	Director
Mr. Shyam M. Agarwal	Director
Ms. Madhu C. Agarwal	Director

**Shareholding Pattern:**

The equity shares of GUL are not listed on any stock exchange. The shareholding pattern of GUL as on September 30, 2009 is as under:

<b>Sr. Numbers</b>	<b>Names of shareholders</b>	<b>Numbers of shares held</b>	<b>Percentage of Shareholding (%)</b>
1.	Chandra Prakash Agrawal	42,975	1.05%
2.	Chandra Prakash Agrawal (Huf)	1,57,500	3.85%
3.	Madhu Agrawal	4,10,575	10.04%
4.	Priya Agrawal	7,53,022	18.42%
5.	Mayank Agrawal	7,35,025	17.98%
6.	Santosh Kumar Agrawal	1,35,650	3.32%
7.	Santosh Kumar Agrawal (Huf)	6,11,061	14.95%
8.	Uma Agrawal	36,600	0.90%
9.	Ashutosh Agrawal	34,100	0.83%
10.	Smriti Agrawal	25	0.00%
11.	Prem Prakash Agrawal	2,38,265	5.83%
12.	Prem Prakash Agrawal (Huf)	5,88,323	14.39%
13.	Shyama Agrawal	59,787	1.46%
14.	Chandni Agrawal	14,500	0.35%
15.	Gauri Shankar Agrawal	20,000	0.49%
16.	Shyam Manohar Agrawal	2,50,000	6.12%
<b>Total</b>		<b>40,87,408</b>	<b>100.00%</b>

*There has been no change in the capital structure 6 months prior to filing this Draft Prospectus*

**Financial Performance:**

<b>Particulars</b>	<b>For the Financial Year ended March 31 (Rs. In lacs)</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
Sales and other Income	11,605.24	12,725.87	12,526.10
Profit / Loss after tax	74.67	131.49	128.24
Equity Capital	408.74	1,634.96	5.05
Reserves and Surplus	3,369.36	3,303.58	7,206.22
Earnings per share in Rupees (of Rs.10 each)	1.83	0.80	251.45
Book value per share in Rupees (of Rs.10 each)	92.44	22.71	17,312.04

GUL is not a sick company under the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985, as amended nor is under winding up. Further, GUL has confirmed that it has not been detained as a wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by it in the past or are pending against it.

***Details of Companies / Firms from which our Promoters have disassociated***

During the last three years, our Promoters have not disassociated from any companies / partnership firms.

***Details of Group Companies whose names have been struck off from record of the Registrar of Companies***

None of our Group Entities have been struck off the record of Registrar of Companies as defunct companies.

***Group Entities referred to BIFR / Under Winding Up / having Negative Net Worth***

None of our Group Entities have been referred to BIFR / Under Winding Up / having Negative Net Worth.

***Common Pursuits / Conflict of Interest***

Our Company, GML and GUL manufacture of sponge iron, steel melt shop products and re-rolled products (TMT bars). Further, our Company and GUL manufacture flour wheat products. The objects' clause of the Memorandum of Association of our Company, GML and GUL permit manufacturing of all forms of iron and steel and production of wheat flour products. As the three entities do not have any non – compete agreements in place amongst themselves, there is a conflict of interest between our Company, GML and GUL.

***Sales or purchase between Group Entities / Associates / subsidiaries exceeding 10% of the total sales or purchases***

*Rs. In Lacs*

Name of related party	Nature of Transaction	For the year ended					
		August 31, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Gallantt Udyog Limited	Purchase	667.72	1,422.37	578.03	Nil	Nil	Nil
Gallantt Metal Limited	Purchase	28.38	134.05	7.73	Nil	Nil	Nil

***Related Party Transactions***

Other than as stated in the chapter titled “Related Party Transactions” none of the Group Entities of our Company have any business interests in our Company. For details on our related party transactions please in the section titled ‘Related Party Transactions’ the chapter titled ‘Financial Statements’ on page 199 of this Draft Prospectus.

***Details of Public Issue / Rights Issue of Capital in the last three years***

Our aforesaid Group Entities have not come out with any public issues / rights issues in the last three years. Further, none of our aforesaid Group Entities are listed on any stock exchanges.

***Changes in Accounting Policies in the last three years***

There have been no changes in the accounting policies of our Company in the last three years.

## **RELATED BUSINESS TRANSACTIONS**

There are no related party transactions with any of the related parties except as mentioned under the heading titled “*Related Party Transactions*” on page 199 under the chapter titled “Financial Statements” of the Draft Prospectus.

Our Promoters or Promoters Group entities have not been restrained or prohibited by SEBI or any other regulatory authority from accessing the capital markets for any reason.

None of the companies promoted by our Promoters have been struck off from the records of the Registrar of Companies.

Except as mentioned in this section, none of the above companies have made any defaults in meeting any statutory/bank/institutional dues/obligations. No proceedings have been initiated for economic offences against these companies.

There are no pending litigations, defaults, etc against above given companies, its Promoters and/or its Directors except as given under section titled ‘*Outstanding Litigations and Material Developments*’ beginning on page 260 of the Draft Prospectus

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to profits, capital requirements and overall financial condition. The Company has not paid any dividends till date.

## SECTION V – FINANCIAL STATEMENTS

### SUMMARY OF FINANCIAL STATEMENTS AS RESTATED

To,  
**The Board of Directors**  
Gallantt Ispat Ltd.  
“ASHYANA”,  
29C, Bentinck Street,  
Kolkata- 700 069

#### Reg. Initial Public Offer of Gallantt Ispat Limited

Dear Sirs,

We have examined the financial information of Gallantt Ispat Ltd. (the Company) annexed to this report which have been approved by the Board of Directors, proposed to be included in the Draft Prospectus / Prospectus in connection with the proposed Initial Public Offer of Equity Shares of the Company. The restated financials have been prepared in accordance with the requirements of:

- a. Part II of Schedule II of the Companies Act, 1956
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and
- c. The terms of reference received from the company, requesting us to carry out the work, proposed to be included in the Draft Prospectus / Prospectus of the company in connection with its proposed public issue.

The issue will be for a fresh issue by the Company of 81, 00,000 Equity Shares of Rs.10 at a premium of Rs. 40/- each by way of fixed price issue.

#### **Financial Information as per Audited Financial Statements**

- a. We have examined the accompanying ‘statement of adjusted Profits and Losses’ (Annexure – I) for the five financial years ended March 31, 2005, 2006, 2007, 2008 and 2009 and for the period ended August 31, 2009 the ‘statement of adjusted assets and liabilities’ (Annexure-II) as on those dates, forming part of the ‘Financial Information’ dealt with by this report, detailed below. Both read together with the Significant Accounting Policies and Notes to Accounts (Annexure – III) thereon, which are the responsibility of the Company’s management, have been extracted from the financial statements for the respective financial years ended March 31, 2005, 2006, 2007, 2008 & 2009 audited by the then statutory auditors and relied by us and from the financial statements for the period ended August 31, 2009, approved by the Board of Directors and the annual accounts as adopted by the members in those respective financial years. We confirm that there are no qualifications in the auditor’s reports, which require any adjustments to the summary statements.
- b. We report as under:-
  - (i) The statement of adjusted profits and/or losses, and the assets and liabilities of the Company as at the end of each of the five financial years ended March 31, 2005, 2006, 2007, 2008 and 2009 and as for the period ended August 31, 2009 reflect the profits and losses and assets and liabilities extracted from the profit and loss accounts and balance sheets for the financial years ended March 31, 2005, 2006, 2007, 2008 & 2009 audited by the then statutory auditors and relied by us and for the period ended August 31, 2009 audited by us, after making such adjustments, regrouping and disclosures as were, in our opinion, appropriate and required to be made in accordance with Schedule VIII, Part A, paragraph 2 sub paragraph (IX) Financial Statements – Financial Information of the Issuer, point numbers 9 of the SEBI Regulations,”



- (ii) In our opinion, read with the respective Significant Accounting Policies and subject to/read together with the notes and after making such adjustments, regroupings and disclosures as were, in our opinion, appropriate and required, the financial information referred to above and the other Financial Information herein below, have been prepared in accordance with Part – II of Schedule II of the Companies Act, 1956, and the SEBI Regulations.

### **Other Financial Information**

We have also examined the following other financial information of the Company to be included in the Draft Prospectus / Prospectus, extracted from each of the financial years ended March 31, 2005, 2006, 2007, 2008 and 2009 audited by the then statutory auditors and relied by us and for the period ended August 31, 2009 audited by us:-

- (i) Statement of the Cash Flow of the Company (Annexure – IV);
- (ii) Details/Analysis of Outstanding Secured & Unsecured Loan taken by the Company (Annexure – V & VI);
- (iii) Adjusted statement of Investments (Annexure – VII);
- (iv) Age-wise analysis of Sundry Debtors and details of Loans and Advances ( Annexure – VIII & IX);
- (v) Details of Other Income (Annexure – X);
- (vi) Statement of Dividend paid (Annexure – XI);
- (vii) Capitalization Statement (Annexure –XII);
- (viii) Summary of Accounting Ratios based on adjusted profits relating to the earning per share, net asset value and return on net worth (Annexure – XIII);
- (ix) Related Party Transaction (Annexure – XIV);
- (x) Statement of Segment Reporting (Annexure – XV);
- (xi) Statement of Tax Shelter (Annexure – XVI);
- (xii) Statement of Contingent Liabilities (Annexure – XVII);
- (xiii) Statement of Reserves and Surplus (Annexure – XVIII)

This report should not in any way be construed to be a re-dating of any of the previous audit reports issued by the then statutory auditors nor should it be construed to be a new opinion on any of the financial statements referred to herein. This report, is being provided solely for the use of Gallantt Ispat Limited, for the purpose of its inclusion in the said Draft prospectus/Prospectus in the connection with the proposed Initial Public Offer of the Equity Shares of the Company.

This report may not be used or relied upon by or disclosed, referred to or communicated by yourself (in whole or in part) to any third party for any purpose other than the stated use, except with our written consent in each instance and which consent may be given only after full consideration of the circumstances at that time.

The financial information of the Company for the years ended 31<sup>st</sup> March 2005 to 31<sup>st</sup> March 2009 have been audited by M/s A.K. Mehria & Associates, Chartered Accountants, whose reports have been considered for preparing this report.

Yours faithfully,

**For ANOOP AGARWAL & CO.**  
**Chartered Accountants**

**(Manish Khandelwal)**  
Partner  
M. Numbers 057846

Date: 01.12.2009  
Place: Gorakhpur

**ANNEXURE I****STATEMENT OF PROFIT AND LOSSES ACCOUNT, AS RESTATED**

The Profit and Loss Statements of the Company for five financial years ended March 31 of 2005 to 2009 and for the period ended August 31, 2009, read with significant accounting policies, notes on accounts and the notes to adjusted accounts are set out below.

Particulars						(Amount in Lacs)
	For the year ended 31 <sup>st</sup> March					5 Months ended 31 <sup>st</sup> August
	2005	2006	2007	2008	2009	2009
<b>INCOME</b>						
Sales						
Finished products manufactured	Nil	Nil	Nil	Nil	310.56	3,111.44
Other Income	Nil	Nil	Nil	Nil	2.37	0.73
Increase/(Decrease) in inventories	Nil	Nil	Nil	Nil	11.58	1,017.06
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>324.51</b>	<b>4,129.23</b>
<b>EXPENDITURE</b>						
Raw material consumed	Nil	Nil	Nil	Nil	270.83	3,421.78
Employee Cost	Nil	Nil	1.65	8.04	29.67	20.30
Other manufacturing expenses	Nil	Nil	Nil	Nil	14.41	405.30
Administrative & Other Expenses	0.10	0.05	21.63	54.85	116.74	62.33
Selling & distribution Expenses	Nil	Nil	Nil	Nil	0.61	1.05
Finance Expenses	Nil	Nil	14.74	12.86	102.64	58.15
Depreciation	Nil	Nil	2.15	4.74	30.26	140.79
Preliminary Expenses written off	Nil	Nil	Nil	Nil	Nil	Nil
<b>Less: Transferred to Pre-operative Expenses Pending Allocation</b>	<b>(0.10)</b>	<b>(0.05)</b>	<b>(40.17)</b>	<b>(80.49)</b>	<b>(211.94)</b>	<b>Nil</b>
<b>Less: Expenses capitalized to Fixed Assets</b>					<b>(52.61)</b>	<b>Nil</b>
<b>Total Expenditure</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>300.61</b>	<b>4,109.70</b>
<b>Profit Before Taxation</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>23.90</b>	<b>19.53</b>
Less: Provision for Taxation:						
Current	Nil	Nil	Nil	Nil	2.46	2.01
Deferred	Nil	Nil	Nil	Nil	31.88	145.16
FBT	Nil	Nil	Nil	Nil	2.16	Nil
<b>Profit After Taxation before extraordinary items</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>(12.60)</b>	<b>(127.64)</b>
<b>Extraordinary items (net of tax)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Net profit after extra ordinary items</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>(12.60)</b>	<b>(127.64)</b>

# STATEMENT OF ADJUSTMENTS TO AUDITED PROFIT AND LOSS ACCOUNTS

*(Amount in lacs)*

Particulars	Year ended March 31				
	2005	2006	2007	2008	2009
<b>Profit for the year / period (Audited)</b>	<b>(0.10)</b>	<b>(0.05)</b>	<b>Nil</b>	<b>Nil</b>	<b>(12.60)</b>
<b>Add / (Less) adjustment for</b>					
Less Expenses not treated in Audited P & L	Nil	Nil	40.17	80.49	264.55
Add Expenses Transferred to Pre-operative Expenses	0.10	0.05	40.17	80.49	211.94
Add Expenses capitalized to fixed assets	Nil	Nil	Nil	Nil	52.61
<b>Profit &amp; Loss (As Restated)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>(12.60)</b>

## ANNEXURE II

### STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Assets and Liabilities of the Company at the financial years ended March 31, 2005 to 2009 and as at August 31, 2009, regrouped wherever necessary, and read with significant accounting policies, notes on accounts and the notes to adjusted accounts are set out below.

(Amount in Lacs)						
PARTICULARS	For the year ended 31 <sup>st</sup> March					5 Months ended 31 <sup>st</sup> August
	2005	2006	2007	2008	2009	2009
<b>A. Fixed Assets:</b>						
Gross Block	Nil	Nil	39.29	64.70	2249.01	12943.97
Less: Accumulated Depreciation	Nil	Nil	2.15	6.89	37.15	177.94
<b>Net Block (A)</b>	<b>Nil</b>	<b>Nil</b>	<b>37.14</b>	<b>57.81</b>	<b>2211.86</b>	<b>12766.03</b>
<b>Capital Work in Progress</b>	Nil	Nil	65.84	3918.13	9707.19	1949.30
<b>Pre-Operative Expenses</b>	0.10	0.15	40.33	120.81	332.76	Nil
<b>TOTAL</b>	<b>0.10</b>	<b>0.15</b>	<b>143.31</b>	<b>4096.75</b>	<b>12251.81</b>	<b>14715.33</b>
<b>B. Investments (B)</b>	<b>Nil</b>	<b>71.00</b>	<b>71.00</b>	<b>1167.00</b>	<b>71.00</b>	<b>71.00</b>
<b>C. Current Assets, Loans &amp; Advances:</b>						
Inventories	Nil	Nil	Nil	Nil	54.14	1327.90
Sundry Debtors	Nil	Nil	Nil	Nil	121.94	526.86
Cash & Bank Balances	1.20	0.08	161.19	654.10	52.23	67.30
Loans & Advances	1.00	1.10	499.59	707.56	102.08	296.80
Other Current Assets	Nil	Nil	6.92	3.51	3.94	3.94
<b>TOTAL (C)</b>	<b>2.20</b>	<b>1.18</b>	<b>667.70</b>	<b>1365.17</b>	<b>334.33</b>	<b>2222.80</b>
Total (A+B+C)	2.20	72.18	882.01	6628.92	12657.14	17009.13
<b>D. Less: Liabilities &amp; Provisions:</b>						
Secured Loans	Nil	Nil	Nil	Nil	1548.55	3232.90
Unsecured Loans	Nil	Nil	Nil	Nil	Nil	1500.00
Deferred Tax Liabilities	Nil	Nil	Nil	Nil	31.88	177.04
Current Liabilities and Provisions	1.02	71.04	0.73	88.66	250.65	1400.76
Share Application Money	Nil	Nil	Nil	795.00	700.00	700.00
<b>TOTAL (D)</b>	<b>1.02</b>	<b>71.04</b>	<b>0.73</b>	<b>883.66</b>	<b>2531.07</b>	<b>7010.70</b>
<b>NET WORTH (A+B+C-D)</b>	<b>1.28</b>	<b>1.28</b>	<b>881.28</b>	<b>5745.26</b>	<b>10126.07</b>	<b>9998.43</b>
<b>Represented By:</b>						
Share Capital	5.00	5.00	93.00	1821.63	1866.62	1866.62
Reserves & Surplus	Nil	Nil	792.00	3934.84	8291.76	8291.76
Less: Misc. Expenses not written off	(3.72)	(3.72)	(3.72)	(11.21)	(19.71)	(19.71)
Less: Profit & Loss A/c	Nil	Nil	Nil	Nil	(12.60)	(140.24)
Less: Revaluation Reserve	Nil	Nil	Nil	Nil	Nil	Nil
Reserves & Surplus (net of Revaluation Reserve)	Nil	Nil	Nil	Nil	Nil	Nil

<b>NETWORTH</b>	<b>1.28</b>	<b>1.28</b>	<b>881.28</b>	<b>5745.26</b>	<b>10126.07</b>	<b>9998.43</b>
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The accompanying Statement of Adjustments to Audited Profit and Loss Account, Adjustments to audited assets and liabilities, Significant Accounting Policies and Notes on Accounts are an integral part of this statement

#### STATEMENT OF ADJUSTMENTS TO AUDITED ASSETS AND LIABILITIES

<i>(Rupees in lacs)</i>						
Particulars	For the period ended August 31, 2009	Year ended March 31				
		2009	2008	2007	2006	2005
<b>Pre Operative Expenses</b>	Nil	332.76	120.81	40.33	Nil	Nil
<b>Less: Transferred to Capital Work In Progress</b>	Nil	332.76	120.81	40.33	Nil	Nil

**Note: Increase/ (Decrease)**

#### Material regrouping in re-stated assets and liabilities

a) The pre-operative expenses is clubbed in Fixed Assets.

## **ANNEXURE – III**

### **SIGNIFICANT ACCOUNTING POLICIES AND SELECTED NOTES TO ACCOUNTS**

#### **Significant Accounting Policies**

##### **1. BASIS OF PREPARING FINANCIAL STATEMENTS**

The Company prepares its accounts on accrual basis, in accordance with the normally accepted accounting principles and in compliance with the accounting standards referred to in Section 211 (3C) and other requirements of the Companies Act, 1956.

##### **2. REVENUE RECOGNITION**

Sale of goods is recognized when they are invoiced to customers and are inclusive of excise duty but net of Sales Tax and are net of sales return.

##### **3. FIXED ASSETS**

a) Fixed Assets are stated at cost of acquisition less accumulated depreciation. The cost of assets is inclusive of all expenses, taxes and duties.

b) Capital Work in Progress

All expenses incurred for acquiring, erecting and commissioning of the fixed assets including interest on loan utilized for meeting capital expenditure and incidental expenditure incurred during the implementation of the projects are shown under capital work in progress and are allocated/ will be allocated to the fixed assets on completion of the respective units. The advance given for acquiring fixed assets is also shown along with capital work in progress.

##### **4. DEPRECIATION**

Depreciation is provided on Straight Line method at the rates and in the manner Specified in Schedule XIV to the Companies Act, 1956 on pro-rata basis.

##### **5. INVENTORIES**

Raw Materials and Finished Goods are valued at lower of cost or net realizable value. Packing Materials are valued at cost. Cost of Raw Material is determined on FIFO basis and appropriate overheads are taken into account.

##### **6. INVESTMENT**

a) Long term Investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

b) Current Investments are stated at lower of cost and fair value.

##### **7. BORROWING COST**

Finance Cost relating to borrowed funds for construction or acquisition of fixed assets incurred on projects is treated as pre-operative expenses and is allocated to the fixed assets on completion of respective units.

##### **8. EMPLOYEE BENEFIT**

Contribution to Provident Fund and Employee State Insurance Fund are accounted for on accrual basis and charged to Profit & Loss Account.

Expenses and Liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 – Employees Benefits (Revised 2005) issued by the ICAI.

#### Post Employment Benefit Plans

Payments to Defined Contribution Retirements Benefit Schemes are charged as an expense as they fall due.

### 9. PRELIMINARY EXPENSES

Preliminary Expenses shall be amortized over a period of five years starting from financial year 2009-10.

### 10. TAXATION

- (a) Provision for current income tax is determined on the basis of tax payable in respect of taxable income for the year;
- (b) In accordance with Accounting Standard 22 on “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India, deferred tax liabilities and assets are recognized at substantively enacted tax rate, subject to the consideration of prudence, on timing difference, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods;
- (c) Fringe benefit tax (FBT) is accounted for on the estimated value of fringe benefits for the period as per the related provision of the Income tax Act.

### 11. Excise Duty:

The CENVAT credit available on purchase of raw materials and other eligible inputs is adjusted against excise duty payable on clearance of goods produced. The unadjusted CENVAT credit is shown under the head “Loans and Advances”.

### 12. Foreign Currency Transaction:

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

### 13. 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.

### Notes on Accounts

1. The authorized share capital of the Company is Rs. 2800.00 Lacs divided into 2,80,00,000 (Two crore eighty lacs only) equity shares of Rs. 10/- each. Details of increase since incorporation is as under :

Sl. Numbers	Particulars of Increase	Date of Meeting in which the resolution was passed	Nature of Meeting
1.	Rs. 5 Crores	Incorporation	
2.	From Rs. 5 Crores to Rs. 20 Crores	29 <sup>th</sup> September, 2007	EGM
3.	From 20 crores to Rs 22 Crores	10 <sup>th</sup> November 2008	EGM

4.	From Rs. 22 Crore to 25.95Crore*	---	---
5.	From Rs. 25.95 Crores to Rs. 28 Crores	25 <sup>th</sup> September, 2009	EGM

Pursuant to merger of Zircon Commercial Pvt Ltd, D.R. Advisory Services Pvt Ltd, Mantra Vanijya Pvt Ltd, Dynasty Sales Pvt Ltd, Sridhar Tie-up Pvt Ltd, Sanhati Tradelink Pvt Ltd, Mrinmoyee Sales Pvt Ltd with the Company, Authorised Share Capital in the financial statement of the Amalgamating Companies has been added to the Gallantt Ispat Limited.

2. The accounts of Gallantt Ispat Limited has been revised after amalgamating the financials of Zircon Commercial Private Limited, D. R. Advisory Services Private Limited, Mantra Vanijya Private Limited, Dynasty Sales Private Limited, Sridhar Tie-up Private Limited, Sanhati Tradelink Private Limited and Mrinmoyee Sales Private Limited. The Honorable Calcutta High Court against petition numbers 3 of 2008 and application numbers 733 of 2008 sanctioned the scheme of amalgamation on 12<sup>th</sup> March, 2009.
3. The arrangement as per scheme, read as follows:
  - All the Companies, mentioned above will be amalgamated w. e. f. 1<sup>st</sup> April, 2008;
  - Pursuant to scheme of arrangement 4,50,000 shares had been allotted to the equity shareholders of the erstwhile transferor companies and accordingly Rs. 45,00,000.00 transferred to share capital account and Rs. 43,56,85,082.00 has been credited to securities premium account being excess of assets over liabilities taken over;
  - As per the Scheme, in consideration of the transfer and vesting of the undertaking of the transferor Companies in the transferee Company, in terms of this scheme, the Transferee Company has allotted 450000 shares in the following ratio on 02.05.2009:

Numbers of Equity Shares of Rs. 10/- each in Gallantt Ispat Limited	In exchange of numbers of Equity Shares	In transferor Co.
a. 3	1	Zircon Commercial P. Ltd.
b. 1	1	D.R. Advisory Services P. Ltd.
c. 1	1	Mantra Vanijya P. Ltd.
d. 1	1	Dynasty Sales P. Ltd.
e. 1	1	Sridhar Tie-up P. Ltd.
f. 1	1	Sanhati Tradelink P. Ltd.
g. 2	1	Mrinmoyee Sales P. Ltd.

4. Record Date has been fixed by the Board of the Transferee Company. New Equity Shares, on allotment, rank pari passu in all respects with the existing equity shares of the Transferee Company.
5. Employee of the Transferor Companies if any has been transferred to the amalgamated Company on their existing terms and conditions of employment and will not be deprived of any benefit because of this transfer.
6. All agreements, contracts or any other legal binding has become the responsibility of the merged Company. All legal cases of the transferor Companies, pending in any court of law under any act or against or for department, will vest with the amalgamated Company.
7. In the financial year 2007-08 the company has acquired General Investment division of Gallantt Udyog Limited. The Transfer date for the acquisition of the above division was 1st October, 2007. The Company had allotted 1,63,49,632 equity shares as a consideration to the shareholders of Gallantt Udyog Limited and 13,10,000 shares has been canceled which was held by the General Investment Division of M/s Gallantt Udyog Limited. Thus the company has issued net of 1,50,39,632 shares and credited Rs. 15,03,96,320.00 in share capital account and Rs. 33,44,50,680.00 to securities premium account being excess of assets over liabilities taken over.
8. During the financial year 2007-08 the company has issued 22,23,665 bonus shares to its existing share holders by capitalization of securities premium account in the ratio of 3:7.
9. During the year 2006-07 the company has issued 8,80,000 shares of Rs. 10.00 each has been issued at a premium of Rs. 90.00 each.



10. The cash flow statement has been prepared under indirect method as set out in Accounting Standard –3 on “Cash Flow Statement” issued by The Institute of Chartered Accountant Of India
11. Earnings per Shares

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

Particulars	As at 31.08.2009	As at 31.03.2009
<b>Amount used as the numerator</b>	(Rs.1,27,64,012.04)	(Rs. 12,60,045.05)
Net profit/(Loss) attributable to the ordinary Shareholders for Basic Earnings per shares.		
<b>Numbers of Ordinary Shares used as denominator</b>	1,85,79,873	1,28,59,716
Weighted average number of ordinary Shares applicable to Basic & Diluted Earnings per shares		
<b>Earning Per Shares- Basic &amp; Diluted</b>	(0.68)	(0.10)

Since there is no commercial operation till 31<sup>st</sup> March 2008 hence no EPS has been stated here.

12. Based on the information available with the Company, the balance due to Micro and Medium Enterprises , as defined under the Micro ,Small and Medium Enterprises Development Act,2006 (MSMED Act,2006) is Rs. Nil (Previous Year Rs. Nil). Further, no interest during the year has been paid or payable under the terms of the MSMED Act,2006.

### 13. Taxation:

#### Deferred Tax

Deferred Tax assets and liabilities arising on account of temporary timing differences during the period ended on 31.08.2009 comes to Rs. 145.16 lacs and have been provided in the books.

#### Current Tax

Income tax for the period ended 31<sup>st</sup> August 2009 comes to Rs. 2.01 lacs has been provided in the books.

### 14. Licensed & Installed Capacity, Production, Stocks and Turnover

#### (a) Capacity and Production

Items	Unit	As at 31.08.2009			As at 31.03.2009		
		Licensed Capacity	Installed Capacity	Actual Production	Licensed Capacity	Installed Capacity	Actual Production
Flour Mill	MT	Nil	108000	20600.00	Nil	108000	2717.9
SMS	MT	Nil	162380	8210.00	Nil	Nil	Nil
Rolling Mill	MT	Nil	167400	6866.00	Nil	Nil	Nil

#### (b) Stock & Sales

Items	As at 31.08.2009(Rs. in lacs)					
	Opening Stock		Sales		Closing Stock	
	Qty.	Amount	Qty.	Amount	Qty.	Amount
Atta	30.40	0.33	334.573	36.72	26.14	2.61
Maida	751.90	8.83	12650.813	1514.94	64.46	7.03

Suji	120.00	1.44	2317.923	294.21	63.13	7.30
Bran	120.20	0.99	4615.659	390.65	629.50	48.51
M.s. Bar	NIL	NIL	3897.550	864.52	2722.060	664.14
Miss Rolled	NIL	NIL	61.320	10.39	185.452	45.25

As at 31.03.2009(Rs. in lacs)					
Opening Stock		Sales		Closing Stock	
Qty.	Amount	Qty.	Amount	Qty.	Amount
NIL	NIL	23.03	2.78	30.40	0.33
NIL	NIL	1696.00	220.78	751.90	8.83
NIL	NIL	126.70	16.80	120.00	1.44
NIL	NIL	769.88	70.21	120.20	0.99
NIL	NIL	NIL	NIL	NIL	NIL
NIL	NIL	NIL	NIL	NIL	NIL

**(c) Raw Material Consumption**

Items	As at 31.08.2009		As at 31.03.2009	
	Quantity	Amount (Rs. in lacs)	Quantity	Amount (Rs. in lacs)
Wheat	20047.42	1983.32	2639.99	270.83
Sponge/Pig Iron/Scrap	9137.646	1227.99	NIL	NIL
Other Raw Material	--	210.47	NIL	NIL

**15. Details of remuneration paid/payable to Managing Director/Executive Director.**

Particulars	As at 31.08.2009 (Rs.)	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)	As at 31.03.2005(Rs.)
Directors Remuneration	250000.00	600000.00	240000.00	Nil	Nil	Nil

**16. Details of remuneration paid/payable to Auditors:**

Particulars	As at 31.03.2005(Rs.)	As at 31.03.2006 (Rs.)	As at 31.03.2007 (Rs.)	As at 31.03.2008 (Rs.)	As at 31.03.2009 (Rs.)	31.08.2009
Auditor's Remuneration	2000	2245	2245	11236	125000	13000

# ANNEXURE – IV

## STATEMENT OF CASH FLOW AS RESTATED

(Amount in Lacs)

Particulars	For the year ended 31 <sup>st</sup> March					5 Months ended 31 <sup>st</sup> August 2009
	2005	2006	2007	2008	2009	2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net Profit/(Loss) before Taxation & Extra-ordinary Items	(0.10)	(0.05)	Nil	Nil	23.90	19.53
Adjustments for:						
Depreciation	Nil	Nil	Nil	Nil	6.35	140.79
Profit on sale of investment	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss/Profit on sale of asset	Nil	Nil	Nil	Nil	Nil	Nil
Preliminary Expenses written off	Nil	Nil	Nil	Nil	Nil	Nil
Income tax	Nil	Nil	Nil	Nil	(4.62)	(2.01)
Operating Profit Before Working Capital Changes Adjustment for:	(0.10)	(0.05)	Nil	Nil	25.63	158.31
Trade & other receivable	Nil	Nil	Nil	Nil	(121.94)	(404.91)
Other Current Assets	Nil	Nil	(6.93)	(1.58)	Nil	(194.71)
Inventories	Nil	Nil	Nil	Nil	(54.13)	(1273.77)
Other Current liabilities	0.02	0.02	0.69	87.93	161.99	1150.11
Net Cash from Operating Activities (A)	(0.08)	(0.03)	(6.24)	86.35	11.55	(564.97)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Purchase/Sale of Fixed Assets (Net)	Nil	Nil	(143.16)	(3448.86)	(7461.43)	(2604.31)
Purchase of Plant & Machinery for Steel Melt Shop. from the promoter's contribution towards IPO	Nil	Nil	Nil	Nil	(700.00)	Nil
Preliminary/Misc. Expenses Capitalized.	(3.72)	Nil	Nil	(7.49)	(8.50)	Nil
Investment	Nil	(71.00)	Nil	(1096.00)	1096.00	Nil
Net Cash Used in Investing Activities (B)	(3.72)	(71.00)	(143.16)	(4552.35)	(7073.93)	(2604.31)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Proceeds from Unsecured Loans (Net)	Nil	Nil	Nil	Nil	Nil	1500.00
Proceeds from Bank Borrowings (Net)	Nil	Nil	Nil	Nil	1548.56	684.34
*Issue of Equity Shares / Share Application	6.00	70.00	17.00	2523.62	(50.00)	0.00
Movement in Loans and Advances	(1.00)	(0.10)	(498.48)	(707.56)	605.05	Nil
*Addition to Reserve from Transferor Companies	Nil	Nil	792.00	3142.84	4356.91	Nil
Net Cash Receipt/ Used in	5.00	69.90	311.52	4958.90	6460.52	3184.34

Financing Activities (C)							
Net Increase/Decrease in Cash & Cash Equivalents (A+B+C)	1.20	Nil	161.12	492.90	(601.86)	15.06	
Cash & Cash Equivalents as on beginning of the year.	0.00	1.20	0.07	161.19	654.09	52.23	
Cash & Cash Equivalents as on end of year.	1.20	0.07	161.19	654.09	52.23	67.30	

\*Note: Pursuant to the scheme of Amalgamation sanctioned by the Calcutta High Court, the assets and liabilities taken over from the transferor companies are shown as addition in the respective heads of accounts and the shares issued and Reserves are shown separately.

## ANNEXURE – V

### SCHEDULE OF SECURED LOANS

#### A. Details of Security for Loans:

(Rupees In lacs)							
Particulars of Loan	Bank	Nature of Loan	Sanctioned Amount	Amount out-standing on 31.08.09	Rate of Interest P.A. (%)	Re-payment of Terms (period)	Securities Offered
Term Loan	State Bank of India, Gorakhpur	Term Loan	7000.00	1819.14	11.75%	6 years starting from Financial Year 2010-11 ending on financial year ended on 31 <sup>st</sup> March 2016.	<ul style="list-style-type: none"> <li>First Pari pasu mortgage and charge on all the immovable and movable assets of the Project, both present and future.</li> <li>Second charge on pari-passu basis on the Current Assets pertaining to the project.</li> <li>Personal Guarantee of the promoters Net Means as on 31.03.2008. Sri C.P Agarwal, Sri Prem Praksh Agarwal, Sri Nitin M. Kandoi.</li> </ul>
Term Loan	State Bank of Patiyala, Vidhan Sabha Marg, Lucknow	Term Loan	3000.00	782.76	11.75%		
Term Loan	State Bank of Mysore, Vipul Khand, Lucknow	Term Loan	2400.00	631.00	11.75%		

#### B. Summary of Loan Balances

For the year ended 31 <sup>st</sup> March						5 Months ended 31 <sup>st</sup> August
Particulars	2005	2006	2007	2008	2009	2009
<b>TERM LOAN</b>						
State Bank of India	Nil	Nil	Nil	Nil	858.86	1819.14
State Bank of Mysore	Nil	Nil	Nil	Nil	303.19	631.00
State Bank of Patiala	Nil	Nil	Nil	Nil	353.76	782.76
<b>Total (A)</b>	Nil	Nil	Nil	Nil	1515.81	3232.90
<b>CASH CREDIT</b>						

State Bank of India	Nil	Nil	Nil	Nil	Nil	Nil
O.D Facilities from S.B.I					32.75	Nil
<b>Total (B)</b>	Nil	Nil	Nil	Nil	32.75	Nil
<b>Total (A) +(B)</b>	Nil	Nil	Nil	Nil	1548.56	3232.90

## ANNEXURE – VI

### SCHEDULE OF UNSECURED LOANS

						(Amount in Lac)
For the year ended 31 <sup>st</sup> March						5 Months ended 31 <sup>st</sup> August
Particulars	2005	2006	2007	2008	2009	2009
From Promoters/Promoter Group Companies / subsidiaries / material associate companies / related parties	Nil	Nil	Nil	Nil	Nil	1500.00
From Others	Nil	Nil	Nil	Nil	Nil	Nil
<b>*Promoter Group Co. Consist of:</b>						
Gallantt Udyog Limited	Nil	Nil	Nil	Nil	Nil	1500.00
Gallantt Metal Limited	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	Nil	Nil	Nil	Nil	Nil	1500.00

## ANNEXURE – VII

### SCHEDULE OF INVESTMENTS, AS STATED

						(Amount in Lac)
For the year ended 31 <sup>st</sup> March						5 Months ended 31 <sup>st</sup> August
Particulars	2005	2006	2007	2008	2009	2009
Long Term Investments (at cost/book value)						
Unquoted	Nil	71.00	Nil	1096.00	Nil	Nil
Quoted	Nil	Nil	71.00	71.00	71.00	71.00
<b>Of which Companies under same Management</b>						
<b>Quoted:</b>	Nil	Nil	71.00	71.00	71.00	71.00
<b>Unquoted:</b>	Nil	71.00	Nil	Nil	Nil	Nil
<b>Total</b>	Nil	71.00	71.00.00	1167.00	71.00	71.00
<b>Book Value</b>						
a) Aggregate of Quoted Investment	Nil	Nil	364.69	506.49	603.01	Nil
b) Aggregate of Unquoted Investment	Nil	346.44	Nil	Nil	Nil	Nil
<b>Total</b>	Nil	346.44	364.69	506.49	603.01	Nil
<b>Market Value</b>						
a) Aggregate of Quoted Investment	Nil	Nil	336.96	840.64	363.28	621.27
<b>Total</b>	Nil	Nil	336.96	840.64	363.28	621.27

## ANNEXURE –VIII

### SCHEDULE OF DEBTORS

(Amount in Lac)

Particulars	For the year ended 31 <sup>st</sup> March					5 Months ended 31 <sup>st</sup> August
(Sundry Debtors)	2005	2006	2007	2008	2009	2009
<b><u>More than Six Months: Considered Good</u></b>						
Receivable from Promoter/Promoter Group Co.*	Nil	Nil	Nil	Nil	Nil	Nil
Receivable from persons related to the directors / promoters or company	Nil	Nil	Nil	Nil	Nil	Nil
Receivable from Others	Nil	1.10	Nil	Nil	Nil	Nil
Less: Provision		Nil	Nil	Nil	Nil	Nil
<b>TOTAL (A)</b>	Nil	1.10	Nil	Nil	Nil	Nil
<b><u>Less than Six Months: Considered Good</u></b>						
Receivable from Promoter/Promoter Group Co.*	Nil	Nil	Nil	Nil	Nil	Nil
Receivable from Others	Nil	Nil	Nil	Nil	121.94	526.54
Less: Provision	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL (B)</b>	Nil	Nil	Nil	Nil	<b>121.94</b>	<b>526.54</b>
<b>TOTAL (A+B)</b>	Nil	Nil	Nil	Nil	<b>121.94</b>	<b>526.54</b>
<b>*Promoter Group Co. Consist of:</b>						
Gallantt Udyog Limited	Nil	Nil	Nil	Nil	Nil	Nil
Gallantt Metal Limited	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	Nil	Nil	Nil	Nil	Nil	Nil

There are no beneficiaries of debtors of the company, who are in any way related to the promoter / director of the company as on 31.08.2009.

Note: \*Parties as identified by the Management & relied upon by the Auditors

#### Top ten customers as on 31.08.2009

Name of the customer	Rs. in lacss
Roshan Lal Hasha Nand	30.66
Indian Steel Co.	30.71
Bansal Trading Co.	34.89
Sri Bala ji Bakers (P) Ltd. A/c Parle	44.45
Bharat Kumar & Company	48.33
Jyoti Dal Mill	50.40
Crazy Snacks Pvt. Ltd.	52.70
Surya Food & Agro Ltd.	59.61
Tulsi Ram Agrawala	90.18
Rohini International – Kanpur	112.69

None of the above customers is related to the directors or promoters of the company.

## ANNEXURE –IX

### SCHEDULE OF LOANS & ADVANCES, AS RESTATED

Particulars	For the year ended 31 <sup>st</sup> March					(Amount in Lac)
	2005	2006	2007	2008	2009	5 Months ended 31 <sup>st</sup> August 2009
Receivable from Promoter/Promoter Group Companies*	Nil	Nil	Nil	700.00	Nil	63.19
Receivable from persons related to the directors / promoters or company	Nil	Nil	Nil	Nil	Nil	Nil
Receivable from other body corporate	Nil	Nil	Nil	Nil	Nil	Nil
Advance tax including TDS & refund receivable	Nil	Nil	1.93	1.58	3.94	3.94
Advances recoverable in cash or in kind or for value to be received	1.00	1.10	Nil	1.93	94.31	233.41
Deposits/Others	Nil	Nil	Nil	7.56	7.78	0.30
<b>Total</b>	1.00	1.10	1.93	711.07	106.03	300.83
Note:						
<b>*Promoter Group Co. Consist of:</b>						
Gallantt Udyog Limited	Nil	Nil	Nil	Nil	Nil	63.19
Gallantt Metal Limited	Nil	Nil	Nil	700.00	Nil	Nil
<b>Total</b>	Nil	Nil	Nil	700.00	Nil	63.19

Note: \*Parties as identified by the Management & relied upon by the Auditors

**Loans and advances as on August 31, 2009 include advances to the following top five suppliers:**

Name of the supplier	Rs. in lacs
Hindustan Petroleum Corporation Ltd	10.76
Rungata Mines Limited	10.87
B.S. Sponge Pvt Limited	9.91
Real Ispat & Power Limited	4.58
Bharat Petroleum Corporation Limited	1.64

None of the above is related to the directors or promoters of the Company.

## ANNEXURE –X

### SCHEDULE OF OTHER INCOME, AS RESTATED

Particulars	For the year ended 31 <sup>st</sup> March					(Amount in Lac)
	2005	2006	2007	2008	2009	5 Months ended 31 <sup>st</sup> August 2009
<b>RECURRING</b>						
Insurance on Sales	Nil	Nil	Nil	Nil	0.06	0.66
<b>NON RECURRING</b>						

Profit on Sale of Investment	Nil	Nil	Nil	Nil	0.12	Nil
Interest Recd from Others	Nil	Nil	Nil	Nil	2.19	Nil
Other Miscellaneous income	Nil	Nil	Nil	Nil	Nil	0.07

## ANNEXURE –XI

### STATEMENT OF DIVIDEND

For the year ended 31 <sup>st</sup> March						(Amount in Lac)
Particulars	2005	2006	2007	2008	2009	5 Months ended 31 <sup>st</sup> August 2009
<b>Dividend</b>	Nil	Nil	Nil	Nil	Nil	Nil

## ANNEXURE –XII

### STATEMENT OF CAPITALISATION

(Amount in Lac)

Particulars	Pre issue as at 31 <sup>st</sup> August, 2009	Post Issue*
<b>Borrowings:</b>		
Short term Debts	1,500.00	1,500.00
Long Term Debts		
Secured loan from SBI & Consortium	<b>3,232.90</b>	<b>3,232.90</b>
<b>Total Debts</b>	<b>4,732.90</b>	<b>4,732.90</b>
<b>Shareholders Funds:</b>		
Share Capital	1,866.63	2,676.63
Reserve & Surplus	8,151.52	11,391.52
Less: Misc. Expenses not written Off	19.71	19.71
<b>Total Shareholders' Fund</b>	<b>9,998.44</b>	<b>14,048.44</b>
<b>Long Term Debt/Equity Ratio</b>	<b>0.47</b>	<b>0.34</b>

**Note:** Long term debt is debt with a tenure of more than one year.

**Secured and Secured debts as on last audited financial statements is taken for post issue also**

\* Post issue: Rs. 3,200.00 lacs has been disbursed out of the total Secured loan for Rs. 12400.00 lacs has been sanctioned

by the State Bank of India and Consortium Members.

Reserve & surplus includes the share premium and General Reserve.

Reserve & surplus includes Share premium of Rs. 8291.76 lacs upto 31.08.09, general reserve & surplus Rs.(140.24) lacs upto 31.08.09, share premium to be raised through public issue Rs. 3240.00 lacs.

## ANNEXURE –XIII

### Significant Accounting Ratios based on Indian Accounting Standards

For the year ended 31 <sup>st</sup> March						(Rs. In lacs)
Particulars	2005	2006	2007	2008	2009	5 Months ended 31 <sup>st</sup> August 2009



<b>EARNING PER SHARE (EPS) &amp; Diluted EPS</b>						
Net Profit After Tax (exclude extra ordinary items)	Nil	Nil	Nil	Nil	(12.60)	(127.64)
Numbers of Equity Shares (Weighted)	Nil	Nil	Nil	Nil	1,28,59,716	1,85,79,873
<b>EARNING PER SHARE (EPS) (Rs.)</b>	Nil	Nil	Nil	Nil	(0.10)	(0.68)
<b>NET ASSET VALUE (NAV) (exclude revaluation reserve)</b>						
Net Assets	Nil	Nil	Nil	Nil	10,126.08	9,998.44
Numbers of Equity Shares (Weighted)	Nil	Nil	Nil	Nil	1,28,59,716	1,85,79,873
<b>NAV / SHARE (Rs.)</b>	Nil	Nil	Nil	Nil	78.74	53.81
<b>RETURN ON NET WORTH (exclude extra ordinary items and revaluation reserve)</b>						
Net Profit after Tax	Nil	Nil	Nil	Nil	(12.60)	(127.64)
Net Worth	Nil	Nil	Nil	Nil	10,126.08	9,998.44
<b>RETURN ON NET WORTH (%)</b>	Nil	Nil	Nil	Nil	<b>(0.12)</b>	<b>(1.27)</b>

The Ratios have been computed as per the following formula:

- Earning per Equity Share:- (Adjusted Net Profit after tax)/(weighted average number of Equity Shares).
- Net Asset Value: (Adjusted Net Assets after reduction of miscellaneous expenditure not written off)/(weighted average number of equity shares).
- Return on Net Worth:- (Adjusted Net Profit After Tax/ Adjusted Equity Shareholders Fund after reduction of Miscellaneous expenditure not written off at the end of the year).

Net Profit, as restated and appearing in the statement of profit and losses has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial statements of the Company.

Earning Per Share calculations have been done in accordance with Accounting Standard – 20 “Earning Per Share” issued by the Institute of Chartered Accountants of India.

#### ANNEXURE XIV

##### RELATED PARTY TRANSACTION

- List of related parties over which control of the company exists – None
- Name of the related Parties with whom the transactions were carried out with the Company:

##### List of Related parties for the year ended March 31, 2005

NAME OF THE RELATED PARTY	NATURE OF RELATIONSHIP
Gallantt Metal Limited	Group Company
Govind Mills Limited	Group Company
Mr. Chandra Prakash Agarwal	Director & Key Managerial Personnel
Mr. Prem Prakash Agarwal	Director & Key Managerial Personnel
Mr. Nitin M Kandoi	Director
Mr. Mayank Agarwal	Relative of Key Managerial Personnel
Mr. Ashutosh Agrawal	Relative of Key Managerial Personnel

**List of Related parties for the year ended March 31, 2006**

NAME OF THE RELATED PARTY	NATURE OF RELATIONSHIP
Gallantt Metal Limited	Group Company
Govind Mills Limited	Group Company
Mr. Chandra Prakash Agarwal	Director & Key Managerial Personnel
Mr. Prem Prakash Agarwal	Director & Key Managerial Personnel
Mr. Nitin M Kandoi	Director
Mr. Mayank Agarwal	Relative of Key Managerial Personnel
Mr. Ashutosh Agrawal	Relative of Key Managerial Personnel

**List of Related parties for the year ended March 31, 2007**

NAME OF THE RELATED PARTY	NATURE OF RELATIONSHIP
Gallantt Metal Limited	Group Company
Gallantt Udyog Limited	Group Company
Mr. Chandra Prakash Agarwal	Director & Key Managerial Personnel
Mr. Prem Prakash Agarwal	Director & Key Managerial Personnel
Mr. Nitin M Kandoi	Director
Mr. Mayank Agarwal	Relative of Key Managerial Personnel
Mr. Ashutosh Agrawal	Relative of Key Managerial Personnel

**List of Related parties for the year ended March 31, 2008**

NAME OF THE RELATED PARTY	NATURE OF RELATIONSHIP
Gallantt Metal Limited	Group Company
Gallantt Udyog Limited	Group Company
Mr. Chandra Prakash Agarwal	Director & Key Managerial Personnel
Mr. Prem Prakash Agarwal	Director & Key Managerial Personnel
Mr. Nitin M Kandoi	Director
Mr. Mayank Agarwal	Relative of Key Managerial Personnel
Mr. Ashutosh Agrawal	Relative of Key Managerial Personnel

**List of Related parties for the year ended March 31, 2009**

NAME OF THE RELATED PARTY	NATURE OF RELATIONSHIP
Gallantt Metal Limited	Group Company
Gallantt Udyog Limited	Group Company
Mr. Chandra Prakash Agarwal	Director & Key Managerial Personnel
Mr. Prem Prakash Agarwal	Director & Key Managerial Personnel
Mr. Nitin M Kandoi	Director
Mr. Mayank Agarwal	Relative of Key Managerial Personnel
Mr. Ashutosh Agrawal	Relative of Key Managerial Personnel

**List of Related parties for the period ended August 31, 2009**

NAME OF THE RELATED PARTY	NATURE OF RELATIONSHIP
Gallantt Metal Limited	Group Company
Gallantt Udyog Limited	Group Company
Mr. Chandra Prakash Agarwal	Director & Key Managerial Personnel
Mr. Prem Prakash Agarwal	Director & Key Managerial Personnel
Mr. Nitin M Kandoi	Director
Mr. Mayank Agarwal	Relative of Key Managerial Personnel
Mr. Ashutosh Agrawal	Relative of Key Managerial Personnel

## Related Party Transactions

(Rupees in Lacs)

Name of related party	Nature of Transaction	For the year/ period ended					
		August 31, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Gallantt Limited	Metal Investment	71.00	71.00	71.00	71.00	71.00	Nil
Gallantt Limited	Udyog Share Application Money Recd	Nil	Nil	Nil	Nil	35.00	Nil
Gallantt Limited	Udyog Share Allotment including premium.	Nil	Nil	23.00	370.00	35.00	Nil
Govind Mills Limited / Gallantt Limited	Udyog Loan Given	1,760.65	6,548.04	1,825.85	829.006	Nil	Nil
Govind Mills Limited / Gallantt Limited	Udyog Loan Received	3,260.65	6,548.04	1,825.85	829.006	Nil	Nil
Gallantt Limited	Metal Loan Given	63.19	994.50	1,100.00	Nil	Nil	Nil
Gallantt Limited	Metal Loan Received Back	Nil	1694.50	400.00	Nil	Nil	Nil
Gallantt Limited	Metal Share Application Money Recd	Nil	1200.00	Nil	Nil	Nil	Nil
Gallantt Limited	Metal Share Application Money Refunded	Nil	500.00	Nil	Nil	Nil	Nil
Gallantt Limited	Udyog Interest Received	Nil	Nil	Nil	3.06	Nil	Nil
Gallantt Limited	Udyog Interest Paid	Nil	0.17	Nil	Nil	Nil	Nil
Gallantt Limited	Udyog Purchase	667.72	1,422.37	578.03	Nil	Nil	Nil
Gallantt Limited	Metal Purchase	28.38	134.05	7.73	Nil	Nil	Nil
Mr. Chandra Prakash Agrawal	Remuneration	1.25	3.00	1.20	Nil	Nil	Nil
Mr. Prem Prakash Agrawal	Remuneration	1.25	3.00	1.20	Nil	Nil	Nil
Mr. Ashutosh Agrawal	Salary	1.25	3.00	Nil	Nil	Nil	Nil
Mr. Mayank Agrawal	Salary	1.25	3.00	Nil	Nil	Nil	Nil

## ANNEXURE XV

### STATEMENT OF SEGMENT REPORTING

(Amount in Lac)					
For the year ended 31 <sup>st</sup> March					
					5 Months ended 31 <sup>st</sup> August 2009
Particulars	2005	2006	2007	2008	2009
Segment Revenue					
(a) Steel	NA	NA	NA	NA	Nil
(b) Flour	NA	NA	NA	NA	310.57
<b>Total</b>	NA	NA	NA	NA	310.57
Less: Inter Segment Revenue	NA	NA	NA	NA	Nil
<b>Net Sales from Operation</b>	NA	NA	NA	NA	310.57
<b>Segment Results (Profit Before Tax)</b>	NA	NA	NA	NA	
(a) Steel	NA	NA	NA	NA	Nil
(b) Flour	NA	NA	NA	NA	21.66
(c ) Un Allocable Expenses	NA	NA	NA	NA	2.31
<b>Total</b>	NA	NA	NA	NA	23.97
<b>Capital Employed:</b>	NA	NA	NA	NA	
(a) Steel	NA	NA	NA	926.79	3,656.42
(b) Flour	NA	NA	NA	0.00	1,786.01
(c ) Unallocable	NA	NA	NA	5,624.68	5,403.36
<b>Total</b>	NA	NA	NA	<b>6,551.47</b>	<b>10,845.79</b>
<b>13,315.35</b>					
The Composition of Business Segment are:					
Name of Segment					
(a) Steel					
(b) Flour					

## ANNEXURE XVI

### STATEMENT OF TAX SHELTER

(Amount in Lac)					
For the year ended 31 <sup>st</sup> March					
Particulars	2005	2006	2007	2008	2009
<b>Profit before Current and Deferred Taxes, as restated (A)</b>	NIL	-0.05	NIL	NIL	23.90
<b>Adjustments:</b>					
<b>Permanent Differences</b>					
Dividend	NIL	NIL	NIL	NIL	NIL
Net Disallowable/(Allowable) Expenses	NIL	NIL	NIL	NIL	0.17
Loss/(Profit) on sale of Fixed Assets	NIL	NIL	NIL	NIL	NIL
Profit on sale of Investments	NIL	NIL	NIL	NIL	NIL
Interest Received	NIL	NIL	NIL	NIL	-2.19
<b>TOTAL (B)</b>	NIL	NIL	NIL	NIL	-2.02
Temporary Differences	NIL	NIL	NIL	NIL	NIL
Difference between amount allowable under IT and the book of accounts:	NIL	NIL	NIL	NIL	NIL

on account of tax depreciation	NIL	NIL	NIL	NIL	-131.90
on account of preliminary expenses	NIL	NIL	NIL	NIL	NIL
<b>Total (C)</b>	NIL	NIL	NIL	NIL	-131.90
<b>Business Profit/Loss</b>	NIL	-0.05	NIL	NIL	-110.02
<b>D=A+B+C</b>					
Capital Gains	NIL	NIL	NIL	NIL	NIL
Less: Long Term Capital Gain – exempt	NIL	NIL	NIL	NIL	NIL
Net Capital Gain Taxable (E)	NIL	NIL	NIL	NIL	NIL
Income from Other Sources (F)	NIL	NIL	NIL	NIL	2.19
<b>TOTAL INCOME</b>	NIL	-0.05	NIL	NIL	-107.83
<b>G=D+E+F</b>					
Set-Off of brought forward unabsorbed loss/depreciation (H)	NIL	NIL	NIL	NIL	NIL
<b>Taxable Profit (I=G-H)</b>	NIL	-0.05	NIL	NIL	-107.83
Tax Liability on I above or on Book Profit u/s 115JB	NIL	NIL	NIL	NIL	2.46
Tax as per P/L A/c	NIL	NIL	NIL	NIL	NIL
Adjusted Tax Provision	NIL	NIL	NIL	NIL	2.46

Note:

1. The above information is provided on the basis of the Income Tax Return filed by the Company for the respective Assessment Years.

## ANNEXURE XVII

### STATEMENT OF CONTINGENT LIABILITIES

1. The estimated amount of contracts remaining to be executed on capital account is Rs. 14874.70 lacs.
2. Contingent liabilities not provided for in respect of :

<i>(Rs. In Lacs)</i>			
<b>Description</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>31-08-2009</b>
Guarantee given by the Company in favour of M/s Purvanchal Vidyut Vitran Nigam Limited, Gorakhpur	Nil	150.00	150.00
Guarantee given by the Company in favour of Gorakhpur Industrial Development Authority	14.91	14.91	14.91
Guarantee given by the Company in favour of UP Pollution Control Board	Nil	Nil	10.00
Claims not acknowledged as debts (Amount paid to Commercial Tax Department, UP)	Nil	4.18	7.54

## Annexure – XVIII

### STATEMENT OF RESERVES AND SURPLUS

<i>(Rs. In lacs)</i>					
<b>Particulars</b>	<b>year ended 31<sup>st</sup> March</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Reserve &amp; Surplus</b>					
Security Premium	Nil	Nil	792.00	3,934.84	8,282.84
Amalgamation Reserve	Nil	Nil	Nil	Nil	8.92

Reserve & Surplus trfd from P&L	Nil	Nil	Nil	Nil	(12.60)	(140.24)
<b>Total</b>	Nil	Nil	7,92.00	3,934.84	8,279.16	8,151.52

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS**

You should read the following discussion and analysis of our Company's financial condition and results of operations together with our restated financial statements included in this Draft Prospectus. You should also read the section titled '*Risk Factors*' beginning on page 10 of this Draft Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. The following discussion relates to our Company and is based on our Company's restated financial statements, which have been prepared in accordance with Indian GAAP, the Accounting Standards referred to in Section 211 (3C) of the Companies Act and the other applicable provisions of the Companies Act. The following discussion is also based on internally prepared statistical information and on publicly available information. Our Company's fiscal year ends on March 31, so all references to a particular fiscal year of the Company are to the 12-month period ended on March 31. Certain industry, technical and financial terms used in this discussion shall have the meanings ascribed to them in the section titled 'Definitions and Abbreviations' of this Draft Prospectus.

### **BUSINESS OVERVIEW**

Our company is one of the growing companies in Uttar Pradesh engaged in the manufacturing and marketing of Sponge Iron, Mild steel billets, Re-Rolled products (TMT bars) and Flour.

Our Company was incorporated in February 2005 at Kolkata and is promoted by Mr. Chandra P. Agrawal, Mr. Prem P. Agarwal, Mr. Nitin M. Kandoi, M/s Chandra Prakash Agarwal & Sons HUF and Gallantt Metal Ltd.

Our Company was incorporated with a view to setup an integrated steel plant and modern roller flour mill at AL-5, Sector-23, GIDA, Sahjanwa, Gorakhpur, Uttar Pradesh, to manufacture Sponge Iron, Mild steel billets, Re-Rolled products (TMT bars), flour. Considering the power requirements of our existing manufacturing facilities, our Company also proposes to setup a captive power plant to meet its present requirement of power.

Our Company has already commenced commercial productions for Mild steel billets, Re-Rolled products (TMT bars) in May 2009 and flour in March 2009. Our Company also proposes to expand its business into Sponge iron production.

Our Company has appointed M/s Industrial Technical Consultant, Raipur (ITCR) as its technical consultant for the proposed Sponge Iron Plant, M/s Akal Sahae Engineers for the Rolling Mill Division and M/s. Avant Garde Engineers and Consultants Pvt. Ltd., Chennai (AGECPL) will be appointed for the Captive Power Plant. Incase of Mild steel billets, M/s Gallantt Metal Limited, our promoting Company, has already developed a technical team at its existing Gorakhpur plant and Bhuj, Gujarat plant. The same team has been utilized for setting up the Mild steel billets plant.

The in house consumption of entire Sponge Iron to manufacture billets which is further rolled into TMT bars along with installation of captive power plant to utilize the waste heat would improve the profitability of the project thereby making it economically more viable.

At GIL, success is measured in terms of customer satisfaction and quality that is built into every product. The value of commitment to quality is also cherished by each of the 256 staff members. Our Company has met standards of Bureau of Indian Standards and has received the IS 1786:2008 certification for high strength deformed steel bars for concrete reinforcements (TMT).

Setting up the integrated steel plant and flour mill in Gorakhpur, Uttar Pradesh also provides our Company with benefits like Interest free loan equivalent to Sales Tax Amount for a period of 15 years, Transport subsidy for 15 years, 20% subsidy of fixed capital investment, 5% additional subsidy of fixed capital investment being first unit under this scheme and Exemption of Mandi tax-2% on wheat purchase, among other benefits.

## **COMPETITIVE STRENGTHS**

### **Management Expertise**

Our Promoters have been engaged in the food grain business for more than two decades, and in steel manufacturing business for more than a decade. Other than Gallant Ispat Limited, the group comprises of two other companies namely, Gallant Udyog Limited (GUL) and Gallant Metal Limited (GML). GML, incorporated in 2005, is based in Gujarat, and has integrated steel manufacturing operations. Our promoters, over the years, have gained experience in setting up and operating integrated steel plants as well as flour mills. The established position of the group companies in the local markets has also resulted in an established customer base and a supplier network in Uttar Pradesh, Chattisgarh, Bihar, and Madhya Pradesh. In addition to our Promoters, We have a professionally managed team with technical experts in respective fields and as more specifically detailed in the paragraph on '*Key Managerial Personnel*' on page number 166 in the chapter titled '*Our Management*' of this Draft Prospectus.

### **Strong Brand Recognition**

Our Company forms a part of the Gallant Group. The Gallant Group is already engaged in the manufacturing of steel products in Gorakhpur, Uttar Pradesh, selling its product under the brand name Gallant and has successfully marketed their products in Northern India. Our Company proposes to sell its products in Uttar Pradesh and the surrounding areas wherein it has already established considerable brand recognition.

### **Our Quality Certification**

Our Company has met standards of Bureau of Indian Standards and has received the IS 1786:2008 certification for high strength deformed steel bars for concrete reinforcements (TMT). Since our Company is dedicated towards quality of products, processes and inputs, we get repetitive orders from our customers, as we are capable of meeting our quality standards thereby enabling us to maintain our brand image in the market

### **Cordial Relationship between management and labour**

We enjoy cordial relations with our employees and there has been no union of employees. Further, there have been no strikes, lock-out or any labour protest in our organization since the incorporation of our Company.

### **Captive Power plant**

Power is an important factor in every manufacturing facility. Considering the power requirements of our existing manufacturing facilities, our Company also proposes to setup a 16 MW captive power plant to meet its present requirement of power. Captive power plant gives us the stable and uninterrupted power supply which is very crucial in manufacturing of our products. Uninterrupted power supply helps to avoid any delays in manufacturing process thereby ensuring complete utilization of our capacities.

### **Expected High Operating Efficiency**

The Company's steel plant is proposed to be fully integrated. The sponge iron manufactured will be used captively as raw material by the SMS plant to manufacture Mild steel billets. These Mild steel billets will further be used to manufacture TMT Bars and Structurals. Thus every units finished product will be acting as a raw material for the next unit. Our Company is setting up a 16 MW Captive Power plant will generate power from waste heat of sponge iron plant and also from FBC through D grade coal/ cane bagas/rice husk, which will feed the power requirement of the project and will totally be for captive purposes. Due to total integration, the company as a whole can reduce its cost of production and achieve better profitability. The company can sustain/absorb adverse market situation during cyclical recession. The steel industry is highly power-intensive and captive power plant, which has low cost per unit will lead to significant cost saving.

### **Government Incentives & Subsidies**



The State Government of Uttar Pradesh has granted facilities to industries being set up in Uttar Pradesh with investment of above Rs. 100.00 crores. The incentives were originally granted vide G.O. Numbers 1502/77-6-2006-10 Tax/04 dated 1.6.2006 which have been elaborated in G.O. Numbers 2941/77-6-2006-10 Tax/04 dated 30.11.2006 and further amended from time to time.

The incentives available under the scheme are capital subsidy, infrastructure subsidy, transport subsidy and interest free loan in lieu of trade tax.

#### *Capital Investment subsidy*

Capital Investment subsidy shall be available @ 10% of the fixed capital Investment on projects with fixed capital investment of more than Rs. 100 crores but up to Rs. 200 crores and @ 20% of fixed capital Investment on the projects with fixed capital investment of more than Rs. 200 Crores. Further fixed capital investment made (within same premises or any other location in the State) within 3 years from the specified date of May 31, 2009 would also be included in calculating the amount of subsidy. Further 5% additional capital subsidy shall be available to the first unit in the Bundelkhand or Purvanchal region.

#### *The Infrastructure subsidy*

The Infrastructure subsidy shall be available on actual expenditure incurred on creation of infrastructures. The entitlement for Infrastructure Subsidy shall be equivalent to the actual expenses on infrastructure subject to maximum 10% of the total fixed capital investment of the project.

#### *Transport subsidy*

Transport subsidy shall be available for a period of 15 years in respect of imports of raw material from outside the state of Uttar Pradesh up to the factory premises. The entitlement of transport subsidy shall be 100% of the actual transport expenses. The maximum amount of Transport Subsidies is 150% of Rail Tariff for equal distance. The details of transport expenses towards availment of transport subsidy shall be submitted on quarterly basis to PICUP. Total amount of capital subsidy and infrastructure subsidy shall not exceed Rs. 250 crores and that total of all the subsidies would not exceed 100% of fixed capital investment.

#### *Interest free loan*

Interest free loan shall be available of equivalent amount of tax liability for 15 years in case of fixed capital investment of Rs. 100 crores. The repayment of loan shall be after 7 years. However, in case of capital investment of Rs. 100 crores, the unit can exercise the option of repayment of interest free loan in lump sum (in single installment) immediately after 15 years. In such cases the interest free loan amount shall not be more than 100% of the fixed capital investment/additional fixed capital investment in the project.

Further fixed capital investment of more than Rs. 200 crores will also have one of these options or can exercise options of repayment of interest free loan after 10 years (in single installment immediately after 17 years) subject to the condition that net present value of amount of interest free loan is not more than 100% of investment/additional investment in the project. Further 5% additional capital subsidy shall be available to the first unit in the Bundelkhand or Purvanchal region.

#### **Other benefits:**

1. Land on actual cost and concessional rates of registration.
2. Entry Tax exemption on plant & machinery, spare parts and capital goods.
3. Exemption of mandi tax of 2% on purchases of wheat.

#### **Location Advantage**

Company has already taken possession of 112.695 Acres of the land required for the project on a 90-year lease from Gorakhpur Industrial Development Authority (GIDA). The project site of the Company is situated at Gorakhpur

Industrial Development Authority (GIDA), Sahjanwa, Gorakhpur, Uttar Pradesh wherein all the required infrastructural facilities are available and the project site at this place has been selected keeping in view the availability of the following facilities:

1. The site has an advantage of an industrial policy of the state government. The policy says of providing certain benefits/incentives as mentioned hereinabove, to units which invest Rs. 200 Crore within a period of six years.
2. The site is ideally suited from the point of view of raw material availability and marketing.

### **Connectivity**

The site is also well connected with all type of transportation.

**National Highway:** The site is on NH 28.

**Railway Station:** The site is just 1 km away from the Sahjanwa

**Railway Station / Railway Siding:** Site is adjacent to Railway line and company is constructing its own siding within factory premises.

**Air Port:** Gorakhpur Airport is 20 Kms away from the factory site

Thus, the location of the site will be advantageous to the company in transportation of Raw materials as well as the Finished Products.

### **Significant Developments after the Date of the Last Financial Statement**

Except as stated herein below, the Directors of our Company confirm that in their opinion, no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Prospectus, which materially and adversely affect or is likely to affect the business or profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months:

- Our Company has started the commercial production of our Re-Rolled products with a capacity of 1,67,400 MTPA from May 11, 2009.
- Our Company has started the commercial production of our M. S. Billets unit with a capacity of 1,62,380 MTPA from May 11, 2009.
- **Capital subsidy from Government of Uttar Pradesh:** As per the incentives declared by the Government of Uttar Pradesh for the industrial development of the state, the High Power Committee has sanctioned Rs. 2,428.00 lac as a subsidy in their meeting held on November 10, 2009, on investment of more than Rs. 10,000 lac which includes Rs.715.00 lac on infrastructure subsidy, Rs. 1,142.00 lac of capital subsidy and Rs. 571.00 lac of additional capital subsidy on being the first unit under this scheme. Further 5% additional capital subsidy shall be available to the first unit in the Bundelkhand or Purvanchal region.
- Our Company has been allotted the IS 1786:2008 certification by the Beaureau of Indian Standards, Lucknow vide letter dated October 15, 2009, bearing number CM/L 9756205 for high strength deformed steel bars and wires for concrete reinforcement (TMT).

### **Key Factors Affecting our Results of Operations**

Except as otherwise stated in the Draft Prospectus, the Risk Factors given in the Draft Prospectus and the following important factors could cause actual results to differ materially from the expectations include, among others:

- The growth of the real estate and the consumer sector in India;
- Our ability to source wheat, iron ore, coal and other raw materials at competitive rates from the suppliers including local suppliers;
- General economic and business conditions in India;
- Our ability to manage our growth effectively;

- Our ability to finance our business growth and obtain financing on favorable terms;
- Our ability to compete effectively, particularly in new markets and businesses;
- Our ability to develop “Gallantt” brand;
- Our ability to meet our capital expenditure requirements;
- Our dependence on key personnel and ability to recruit/retain them;
- Contingent liabilities and uninsured losses;
- Government approvals;
- Changes in government policies and regulatory actions that apply to or affect our business;
- Changes in the Indian and international interest rates;
- Changes in political and social conditions in India; and
- Performance of the financial markets, both Indian and global

## OUR SIGNIFICANT ACCOUNTING POLICIES

Our Financial statements are prepared on historical cost basis and going concern basis in accordance with Generally Accepted Accounting Principles, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. Certain of our accounting policies are particularly important to the portrayal of our financial position and further details please refer to the heading titled ‘*Significant Accounting Policies*’ in Annexure III to the section titled ‘*Financial Statements*’ on page 188 of this Draft Prospectus.

(Amount in Lacs)

Particulars	For the year ended 31 <sup>st</sup> March					5 Months ended 31 <sup>st</sup> August
	2005	2006	2007	2008	2009	2009
<b>INCOME</b>						
Sales						
Finished products manufactured	Nil	Nil	Nil	Nil	310.56	3111.44
Other Income	Nil	Nil	Nil	Nil	2.37	0.73
Increase/(Decrease) in inventories	Nil	Nil	Nil	Nil	11.58	1017.06
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>324.51</b>	<b>4129.23</b>
<b>EXPENDITURE</b>						
Raw material consumed	Nil	Nil	Nil	Nil	270.83	3421.78
Employee Cost	Nil	Nil	1.65	8.04	29.67	20.30
Other manufacturing expenses	Nil	Nil	Nil	Nil	14.41	405.30
Administrative & Other Expenses	0.10	0.05	21.63	54.85	116.74	62.33
Selling & distribution Expenses	Nil	Nil	Nil	Nil	0.61	1.05
Finance Expenses	Nil	Nil	14.74	12.86	102.64	58.15
Depreciation	Nil	Nil	2.15	4.74	30.26	140.79
Less: Transferred to Pre-operative Expenses Pending Allocation	(0.10)	(0.05)	(40.17)	(80.49)	(211.94)	Nil
Less: Expenses capitalized to Fixed Assets	Nil	Nil	Nil	Nil	(52.61)	Nil
<b>Total Expenditure</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>300.61</b>	<b>4109.70</b>
Profit Before Taxation	Nil	Nil	Nil	Nil	23.90	19.53
Less: Provision for Taxation:						
Current	Nil	Nil	Nil	Nil	2.46	2.01
Deferred	Nil	Nil	Nil	Nil	31.88	145.16
FBT	Nil	Nil	Nil	Nil	2.16	Nil
<b>Profit After Taxation before extraordinary items</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>(12.60)</b>	<b>(127.64)</b>
<b>Extraordinary items (net of tax)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Net profit after extra ordinary</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>(12.60)</b>	<b>(127.64)</b>

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**items**


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**Note:** Our Company was incorporated on February 11, 2005 and started commercial production of wheat flour products on March 04, 2009 and the Steel Melt Shop and the Rolling Mill commenced operations on May 11, 2009. Prior to that, none of our Company's projects were under operation as a result of which our Company does not have any income from operations as of March 31, 2008. Therefore comparison of the results of operation of the company with the Previous Financials years is not possible. Going forward, the Captive Power Plant is proposed to start commercial operations from March, 2011 and the Sponge Iron unit is expected to start its commercial operations from June, 2010.

#### **Five months ended August 31, 2009**

**Total Income:** Our Company's income for operations was Rs. 3,111.44 lac and other income was Rs. 0.73 lac for the five months ended August 31, 2009. Our Company's total income for the five months ended August 31, 2009 was Rs. 4,129.23 lac.

**Total expenditure:** Our Company's total expenditure was Rs. 4,109.70 lac for the five months ended August 31, 2009 primarily due to expenses which are directly related to the Flour Mill, the Steel Melt Shop and the Rolling Mill. It comprises raw material consumed (Rs. 3,421.78 lac), employee cost (Rs. 20.30 lac), other manufacturing expenses (Rs. 405.30 lac), administrative and other expenses (Rs. 62.33 lac), selling and distribution expenses (Rs. 1.05 lac), finance expenses (Rs. 58.15 lac) and depreciation (Rs. 140.79 lac).

**Net profit / (loss), as restated** Our Company's net loss, as restated was Rs. (127.64) lac for the five months ended August 31, 2009.

#### **Fiscal 2009**

**Total Income:** Our Company's income for operations was Rs. 310.56 lac and other income was Rs. 2.37 lac for Fiscal 2009. Our Company's total income for Fiscal 2009 was Rs. 324.51 lac.

**Total expenditure:** Our Company's total expenditure was Rs. 300.61 lac for Fiscal 2009 primarily due to expenses which are related to the Flour Mill. It mainly comprises of raw material consumed (Rs. 270.83 lac), employee cost (Rs. 29.67 lac), other manufacturing expenses (Rs. 14.41 lac), administrative and other expenses (Rs. 116.74 lac), selling and distribution expenses (Rs. 0.61 lac), finance expenses (Rs. 102.64 lac) and depreciation (Rs. 30.26 lac).

**Net profit / (loss), as restated:** Our Company's net loss, as restated was Rs. (12.60) lac for Fiscal 2009.

#### **Financial Condition, Liquidity and Capital Resources**

The business in which our Company is engaged is capital expenditure intensive. Our Company's plans for the development and setting up of its steel plants, captive power plant and flour mill will require substantial capital expenditures, which it expects to fund through a combination of, Proceeds of this Issue, Term Loans, Incentives/Subsidies from the State Government of Uttar Pradesh and Equity Capital including Reserves. Our Company believes that going forward the availability of sources of cost effective funding will be crucial and the non-availability of such funding at favorable terms could affect its business, financial condition and results of operations.

#### **Cash Flows**

The table below summarizes our Company's cash flows for Fiscal 2009 and five month period ended August 31, 2009:

(In Rs. Lac)		
Particulars	Fiscal 2009	For the Five Months ended August 31, 2009
Net Cash Flow Generated From / (Used In)		
Operating Activities	11.55	(564.97)
Net Cash Flow Generated From / (Used In)	(7,073.93)	(2,604.31)

<b>Investing Activities</b>		
Net Cash Flow Generated From / (Used In)	6,460.52	3,184.34
<b>Financing Activities</b>		
Net Increase in Cash and Cash Equivalents	(601.86)	15.06

Cash in the form of bank deposits, current account balances and cash on hand represents our Company's cash and cash equivalents.

### ***Operating Activities***

Net cash used from our Company's operating activities for the five months ended August 31, 2009 was Rs. 564.97 lac.

Net cash generated in our Company's operating activities for Fiscal 2009 was Rs. 11.55 lac and primarily due to the increase in the creditors during the year.

### ***Investing Activities***

Net cash used in investing activities was Rs. 2,604.31 lac for the five months ended August 31, 2009. This was primarily attributable to project related expenses incurred during the period.

Net cash used from investing activities was Rs. 7,073.93 lac for Fiscal 2009. This was primarily attributable to project related expenses incurred during the period.

### ***Financing Activities***

Net cash generated in financing activities was Rs. 3,184.34 lac for the five months ended August 31, 2009 primarily as a result of term loans and unsecured loan.

Net cash generated in financing activities was Rs. 6,460.52 lac for fiscal 2009, primarily as a result of term loans. and pursuant to the scheme of amalgamation sanctioned by the Calcutta High Court, the assets and liabilities taken over from the transferor companies are shown as addition in the respective heads of accounts and the shares issued and Reserves are shown separately.

### **Planned Capital Expenditures**

Our Flour Mill commenced operations from March 04, 2009 and the Steel Melt Shop and the Rolling Mill commenced operations from May 11, 2009 with a capital outlay of Rs. 2,469.54 lac in the period ended August 31, 2009. The Capital Expenditure in Fiscal 2009 was Rs. 10,845.79 lac.

We intend to commence operations of the DIR (Sponge) division by June 2010 and the Captive Power Plant by March, 2011. We anticipate that we will incur capital expenditure of approximately Rs. 17,527.17 lac for the said project. For more information on our proposed capital expenditure, see '*Objects of the Issue*' beginning on page 51 of this Draft Prospectus. In addition to the Proceeds of this Issue, Term Loans, Incentives/Subsidies from the State Government of Uttar Pradesh and Equity Capital including Reserves, we may need other sources of financing to meet our capital expenditure and working capital requirements, which may include entering into new debt facilities with lending institutions or raising additional debt in the capital markets.

### **Indebtedness**

Our Company has received sanction letters from various banks and financial institutions in relation to the proposed projects aggregating to Rs. 12,400 lac. For further details on the sanction letters, see the sections titled "*Object of the Issue*" and "*Financial Indebtedness*" on page 51 and 216 of this Draft Prospectus.

### **Contingent Liabilities**

The following table provides the Company's contingent liabilities as of the date indicated:

1. The estimated amount of contracts remaining to be executed on capital account is Rs. 14874.70 lacs.
2. Contingent liabilities not provided for in respect of :

(Rs. In Lacs)			
<b>Description</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>31-08-2009</b>
Guarantee given by the Company in favour of M/s Purvanchal Vidyut Vitran Nigam Limited, Gorakhpur	Nil	150.00	150.00
Guarantee given by the Company in favour of Gorakhpur Industrial Development Authority	14.91	14.91	14.91
Guarantee given by the Company in favour of UP Pollution Control Board	Nil	Nil	10.00
Claims not acknowledged as debts (Amount paid to Commercial Tax Department, UP)	Nil	4.18	7.54

## **RELATED PARTY TRANSACTIONS**

There are no related party transactions with any of the related parties except as mentioned under the heading titled “*Related Party Transactions*” on page 199 under the chapter titled ‘*Financial Statements*’ of this Draft Prospectus.

## **FINANCIAL MARKET RISKS**

We are exposed to financial market risks from changes in interest rates and inflation.

### **Interest Rate Risk**

Our interest rate risk results from changes in interest rates, which may affect our finance expenses. We bear interest rate risk with respect to the debts, since the interest rates could fluctuate in the near future. Though all our loans are currently linked with applicable rates of respective Banks, any rise in interest rates would result in higher interest bearing debts.

### **Effect of Inflation**

We are affected by inflation as it has an impact on the raw material cost, wages, etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

## **OTHER QUALITATIVE FACTORS**

### **1. Significant Developments occurring after August 31, 2009**

Except as stated under paragraph titled “*Significant Developments after the Date of the Last Financial Statement*” in chapter titled “*Management Discussion and Analysis of Financial Condition and Results of the Operations as Reflected in the Financial Statements*” on page numbers 208 in this Draft Prospectus, to our Company's knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Prospectus which materially and adversely affect or are likely to affect, our Company's operations or profitability, or the value of its assets or ability to pay its material liabilities within the next 12 months.

### **2. Unusual or infrequent events or transactions**

Except as described in this Draft Prospectus, there have been no events or transactions to our Company's knowledge which may be described as “unusual” or “infrequent”.

**3. *Significant economic changes that materially affected or are likely to affect income from continuing operation***

With an overall upsurge in the Indian economy, the real estate sector, the demand of iron and steel has increased. This increase has resulted into demand of iron and steel products and the company is suitably placed to benefit out of this situation as the demand for the products is from the construction, social infrastructure and various other user industry

The increased initiative of the government in the infrastructure development has also led to high requirement of steel products.

**4. *Known trends or Uncertainties***

Other than as described in the sections titled “Risk Factors”, and this section and elsewhere in this Draft Prospectus, to the best of our Company’s knowledge there are no known trends or uncertainties that have had, or are expected to have, a material adverse impact on its revenues or income from continuing operations.

**5. *New Product or Business Segment***

Other than as described in the section titled “Our Business” beginning on page 111 of this Draft Prospectus, to our Company’s knowledge, there are no new products or business segments.

**6. *Seasonality of business***

The business of our Company is not seasonal. Therefore our Company’s revenues and results will not be affected by seasonal factors.

**7. *Dependence on single or few suppliers/customers***

As described in the sections titled “Risk Factors” and “Our Business” beginning on page 10 and 111, respectively, of this Draft Prospectus, our Company is not dependent on a few customers for selling its products.

**8. *Competitive Conditions***

For further details, please refer to the discussions of our Company’s competition in the sections titled “Risk Factors” and “Our Business” beginning on page 10 and 111, respectively, of this Draft Prospectus.

**9. *Details of any encumbrances over the property of the Company and guarantees given by the Company to any other party***

Our Company has not extended any guarantees to any other party or faces any encumbrances over the property of our Company.

## FINANCIAL INDEBTEDNESS

*As on date, our Company has availed of the following term loans:*

<b>Name of the lender</b>	The A Bank Consortium comprising of : (1) State Bank of India (2) State Bank of Mysore (3) State Bank of Patiala
<b>Instrument creating charge</b>	Consortium Agreement dated November 17, 2008; Joint Deed of Hypothecation dated November 17, 2008
<b>Key Terms</b>	1. Loan amount: Rs. 1,26,00,00,000/-; 2. Rate of interest – (i) State Bank of India - 3% above SBAR per annum with monthly rest calculated respectively on the daily balance due along with the repayment of the installment. (ii) State Bank of Mysore - .5% below State Bank of Mysore PLR present effective rate 13.75% per annum monthly rate floating or in line with SBI pricing. (iii) State Bank of Patiala- .5% below BPLR present effective rate 13.50% in line with SBI rising and falling therewith.
<b>Duration</b>	(i) State Bank of India - Rs. 2.92 crores per quarter starting from the first quarter of the year 2011 till the full repayment i.e. last quarter of the year 2016. (ii) State Bank of Mysore - .Rs. 1.00 crore per quarter starting from the first quarter of the year 2011 till the full repayment i.e. last quarter of the year 2016. (iii) State Bank of Patiala- Rs. 1.25 crore per quarter starting from the first quarter of the year 2011 till the full repayment i.e. last quarter of the year 2016.
<b>Purpose</b>	To establish an integrated steel plant, captive power plant, spinning mill and modern roller flour mill.
<b>Security</b>	All the present and future goods, book debts, movables and other assets of the Borrower including documents of title to goods and other assets and the present machinery and all future machinery belonging to or in the possession of or under the control of the Borrower wherever lying stored relating to the borrower's company's project, situated at Sector-23, GIDA, Sahjanwa, Gorakhpur, U. P. and kept and whether in possession of the Borrower or Bank or any third party.
<b>Outstanding as on August 2009</b>	Rs. 32,32,90,473

*We require the prior permission, written or otherwise, of our lender for the following:*

There are certain restrictive covenants in the the Common Loan Agreement dated November 17, 2008, entered into with consortium banks, that is the State Bank of India, State Bank of Mysore and the State Bank of Patiala. These restrictive covenants require us to obtain either the prior permission of such banks or financial institutions or require us to inform them of various activities, including, among others, formulate any scheme of amalgamation, undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicated in the funds flow statements submitted to the Banks from time to time and approved by the Banks, invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies), save and except normal trade credit or security deposits in the normal course of business or advances to employees, enter into borrowing arrangements either secured or unsecured with any other Bank, financial institutions other than those indicated in the funds flow statements submitted to the Bank from time to time and approved by the Bank, undertake any guarantee obligations on behalf of any other company (including group companies), create any charge, lien or encumbrance over its assets or any part thereof in favour of any financial institution, bank, company, firm or persons, sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the banks, change the practice with regard to remuneration of Directors, permit any transfer of the controlling interest or make any drastic change in the management set up, not to repay monies brought in by the promoters/Directors/principal shareholders and their friends and relatives by way of deposits/loans/advances, not to declare or pay dividends in respect of any financial year if any event of default has occurred, to inform the Bank of any distress or other proceeding of court being taken against the hypothecated assets, to inform the Bank or institution of any legal proceedings against our



Company by any person making a claim for money against our Company or enforcing against our Company, any guarantee given by our Company. Additionally, some of our Promoters have given personal guarantees as collateral security for amounts borrowed due under some of these financing agreements. We cannot assure you that Promoters will pay or be able to pay under such collateral security in the event that they are required to do so.

Our Company has given the following bank guarantees as on August 31, 2009:

<b>Sr. Numbers</b>	<b>Period</b>	<b>Guarantor / and Guarantee Number</b>	<b>Beneficiary</b>	<b>Purpose</b>	<b>Amount</b>
1.	March 30, 2007 to March 29, 2010	Oriental Bank of Commerce, Gorakhpur	Goarkhpur Industrial Development Authority	Guarantee provided for availing the benefits of Adyogik Evam Seva Chetra Nivesh Niti of the state Government of U.P.	14,91,400
		1/2007			
2.	December 23, 2008 to December 12, 2013	State Bank of India, Gorakhpur	Executive Engineer, Electricity Distribution Division – II, Purvanchal Vidyut Vitran Nigam Limited	Deposit for the supply of electricity for an electric connection load of 15,000 KvA at the rate of Rs. 1,000 per KvA.	1,50,00,000
3.	April 8, 2009 to December 31, 2010	State Bank of India, Gorakhpur	Uttar Pradesh Pollution Control Board	For the due fulfilment of the terms and conditions imposed by Uttar Pradesh Pollution Control Board for setting up an integrated steel plant.	10,00,000

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

*Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors, our Promoters and our Group Entities that would have a material adverse effect on our business. Further there are no defaults, non-payments or overdue of statutory dues, institutional/bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference shares that would have a material adverse effect on our business.*

Our Company, it's Promoters, Directors, promoter group or persons in control of our Company have not been prohibited or debarred from accessing the capital market by the SEBI. Also, none of our promoters, directors or persons in control of our Company was or is a promoter, director or person in control of any other company that is debarred from accessing the capital market under any order or directions made by SEBI. Further Our Company, it's Promoters, their relatives, Directors, Promoter Group or persons in control of our Company are not declared as wilfull defaulters by RBI / Government Authorities and there are no violations of securities laws committed in the past or pending against them.

This section has been broadly segregated as under

- I. Contingent Liabilities of our Company
- II. Litigation relating to our Company
- III. Litigation against our Directors
- IV. Litigation relating to our Promoter and Group Companies
- V. Penalties imposed in past cases
- VI. Amounts owed to Small Scale Undertakings and other Creditors
- VII. Material Developments

#### ***I. Contingent Liabilities of Our Company***

The estimated amount of contracts remaining to be executed on capital account is Rs. 14874.70 lacs.

As on August 31, 2009, contingent liabilities not provided for, were as under:

Description	2007-2008	2008-2009	31-08-2009
Guarantee given by the Company in favour of M/s Purvanchal Vidyut Vitran Nigam Limited, Gorakhpur	Nil	150.00	150.00
Guarantee given by the Company in favour of Gorakhpur Industrial Development Authority	14.91	14.91	14.91
Guarantee given by the Company in favour of UP Pollution Control Board	Nil	Nil	10.00
Claims not acknowledged as debts (Amount paid to Commercial Tax Department, UP)	Nil	4.18	7.54

#### ***II. Litigation Involving Our Company***

##### ***Cases filed against our Company***

As on the date of this Draft Prospectus, our Company is not involved in any litigation.

### ***Cases filed by our Company***

As on the date of this Draft Prospectus, our Company has not initiated any litigation.

### ***III. Litigation against our Directors***

#### ***Outstanding Litigations against our Directors***

Except for the case mentioned in V.a.1 filed against our Directors Mr. Chandra P. Agarwal and Mr. Niting M. Kandoi, there are no outstanding litigations against our Directors.

#### ***Outstanding Litigations by our Directors***

As on the date of this Draft Prospectus, our Directors have not initiated any litigation.

### ***IV. Litigation relating to our Promoters***

#### ***Outstanding Litigations against our Promoters***

##### ***1. Notice dated May 15, 2009, bearing number JD(Inspn)Cal/24/09, from the Office of the Ministry of Company Affairs, Regional Director, Eastern Region to Gallantt Metal Limited***

Gallantt Metal Limited (“GML”) had been subjected to an inspection under section 209A of the Companies Act, 1956 (“Act”). *Vide* notice dated May 15, 2009, bearing number JD(Inspn)Cal/24/09 (the “Notice”) the Regional Director (“RD”) requested GML to submit its reply in response to the following: (i) violation of sections 292(1)(e) and 295(1)(c) of the Act, since GML had not obtained the consent of the Central Government before providing a loan, amounting to Rs. 4.04 crores, to Ganesh Laxmi Steels Private Limited wherein Dinesh Kumar Agarwal was an interested director as per the provisions of section 295(1)(c). (ii) Violations of sections 211(1) and 211(2) of the Act, since (a) GML has clubbed the figure pertaining to rent with miscellaneous expenses, (b) failed to disclose the expenditure towards contribution to provident and other funds for employees, (c) failed to furnish the installed capacity in respect of the power plant for the year ended March 31, 2008, (d) in the balance sheets as at March 31, 2006, March 31, 2007 and March 31, 2008, the company disclosed sundry creditors without bifurcating the dues owed to small scale industries, micro and small enterprises and also the interest due thereon. (iii) Violation of section 211(3A) and 211(3B) read with Accounting Standards 14, 15 and 20. (iv) Violation of section 297(1) of the Act since GML entered into transactions with Ganesh Laxmi Processors Private Limited, a company in which Mr. Dinesh K. Agarwal is an interested director. (v) GML availed various unsecured loans from different companies during the years ended March 31, 2006, March 31, 2007 and March 31, 2008, without passing the requisite resolution under section 292(1)(c) of the Act. (vi) violation of section 143(1) of the Act, since the equitable mortgage created on July 6, 2007 have not been correctly entered. (vii) Violation of section 193(1), since the minute books of the Board of Directors, Shareholders and Audit Committees are not consecutively numbered. (viii) Violations of sections 301(1) and 301(3), since the particulars of contracts or arrangements and the particulars of directors voting for and against the contract have not been recorded. Lastly, (ix) violation of section 307(1), since the register of Director’s shareholding has not been maintained properly.

Gallantt Metal Limited has applied for compounding of the aforementioned violations as on the date of this Draft Prospectus.

Except for the case mentioned in V.a.1 filed against our Promoters Mr. Chandra P. Agarwal and Mr. Nitin M. Kandoi, there are no outstanding litigations against our Promoters.

#### ***Outstanding Litigations by our Promoters***

As on the date of this Draft Prospectus, our Promoters have not initiated any litigation.

### ***V. Litigation relating to our Group Entities***

### ***Outstanding litigations against our Group Entities***

One of Group Entities, Gallantt Udyog Limited, is involved in the following litigation:

#### ***Cases filed against Gallantt Udyog Limited***

##### ***a. Criminal Cases***

#### ***1. State (“Complainant”) v. Abdul Hameed Ansari, Nitin M. Kandoi, Chandra P. Agarwal, Santosh K. Agarwal, Prem P. Agarwal and Ms. Madhu C. Agarwal (“the Accused”) before the Railway Magistrate NER, Gorakhpur bearing complaint number 1037/2006***

The Complainant had preferred the complaint, *vide* crime number 4/04, under Section 3(4) Railway Property and Unlawful Possession (U.P.), Act 1966. The Complainant has alleged that the Accused have unlawfully acquired railway CST – 9 plates, brake blocks, parts of railway tracks, D-80 plates weighing approximately 78.980 metric tonnes valued at approximately 16,00,000/- (“alleged goods”) by forging the requisite documents required to purchase the same.

The Accused states that the alleged goods belonged to the erstwhile Govind Mills Limited (“GML”). Further the alleged goods had been lawfully purchased by GML from M/s. National Steels *vide* cheque numbers 905905 and 905912 drawn on Oriental Bank of Commerce, M/s. Singhal Steels *vide* cheque number 166829 drawn on HDFC Bank Limited, M/s. Triveni Iron Traders *vide* a cash payment and M/s. Gurudev Steels *vide* cheque number 166831 drawn on HDFC Bank Limited (“sellers”) *vide* cheque numbers 905905, 905912. The sellers had in turn purchased the alleged goods by way of public auction held by the railway authorities and hence prayed that the alleged goods be released from custody and returned to GML. *Vide* order dated April 28, 2005, the Railway Magistrate NER Gorakhpur rejected GML’s application to release the alleged goods (“order of RMNER”).

Aggrieved by the order of RMNER, the Accused preferred a revision before the District Session Judge, Gorakhpur, bearing revision number 199/2005. The Accused, in addition to the aforementioned grounds, further stated that: (i) the alleged goods are kept in the open by the Railway Protection Force (“RPF”) due to which the alleged goods would rust and deteriorate in value. Hence the goods be released in favour of GML. *Vide* order dated August 31, 2005 the District Session Judge allowed the revision application and granted custody of the alleged goods on the personal bond of Rs. 1,00,000/- to the Accused.

Aggrieved by the order passed by the District Session Judge, Gorakhpur, the RPF preferred an appeal before the High Court of Uttar Pradesh, bearing appeal number 14870 of 2005, at Allahabad seeking a stay on the order of the District Session Judge, Gorakhpur. The grounds as stated in the appeal *inter alia* were (i) the District Session Judge, Gorakhpur has misinterpreted the provisions of section 457 of the Criminal Procedure Code, 1963, (ii) it was incorrectly held that the RPF could not prove its title to the stolen goods, (iii) the property should not have been released as the same were not of a perishable nature; and (iv) since the value of the property is more than 16.50 lacs, the custody should not have been granted on a personal bond of Rs. 1,00,000/- only. The RPF has prayed: that the judgment and order dated August 31, 2005 passed by the District and Sessions Judge, Gorakhpur be quashed. The High Court of Judicature at Allahabad has *vide* order dated October 6, 2005, stated that till the next date of listing, operation of the judgment and order dated August 31, 2005 be stayed.

The Accused preferred a criminal miscellaneous application, bearing number 14080 of 2007, under section 482 of the Criminal Procedure Code, 1908, before the High Court of Judicature at Allahabad. The Accused reiterated the aforementioned facts and prayed that all proceedings in case number 1037 of 2006, pending in the court of Additional Chief Judicial Magistrate (Railways) be stayed. *Vide* order dated July 2, 2007, the High Court of Judicature at Allahabad has granted a stay on the proceedings that are pending before the court of the Additional Chief Judicial Magistrate (Railways), until further orders.

##### ***b. Civil Cases***

**1. *Mr. Ashok Kumar Sharma (“Applicant”) v. Govind Mills Limited (“the Respondent”) before the Deputy Labour Commissioner, Gorakhpur bearing case number 39/2007***

The Applicant has filed the present application before the Deputy Labour Commissioner (“DLC”), under the Minimum Wages Act, 1948. The Applicant states that he was in employment with the Respondent from July 2002 to September 2006 (“period under dispute”). During the term of his employment he was not paid his wages to the tune of Rs. 25,915/-. The Applicant therefore prays that the Respondent do pay the sum of Rs. 25,915/- as owed by them to the Applicant.

The Respondent have submitted their reply before the DLC wherein they have stated, that during the period under dispute, the Applicant was not in the employment of the Respondent hence no sum remains payable to the Applicant.

The matter is currently pending before the Deputy Labour Commissioner, Gorakhpur and the next date of hearing is on December 17, 2009.

**2. *Ms. Satyavatidevi and Mr. Ramkripal (“Plaintiffs”) v. erstwhile Govind Steel and Power Limited and Mr. Ramnarayan (“the Defendants”) before the Civil Judge (Senior Division), Gorakhpur bearing case number 720/2004***

The Plaintiffs have filed the present plaint before the Civil Judge (Senior Division), Gorakhpur (“CJSD”), under sections 20 and 41 of the Specific Relief Act, 1963. Ms. Satyavatidevi was the owner of two parcels of land admeasuring 1.497 hectares and 2.878 hectares (the “said land”). *Vide* sale deed dated August 17, 2004 (“sale deed”), Ms. Satyadevi sold the said land to Govind Steel and Power Limited (“GSPL”). *Vide* the present plaint Mr. Ramkripal, the brother-in-law of Ms. Satyadevi alleged that she was of unsound mind and hence not a competent party to contract, at the time of the sale deed. Further, Mr. Ramkripal states that, as on date, the interest in the property would devolve to Ms. Satyadevi’s two brothers-in-law, that is, Mr. Ramkripal and Mr. Ramnarayan. Mr. Ramkripal therefore prays *inter alia*, (i) half of the said land be returned to Ms. Satyavatidevi, (ii) the property be returned to Ms. Satyavatidevi without any damage being caused to the said land and appendages thereto, (iii) all the costs incurred for filing and maintaining the present plaint be reimbursed by GSPL to the Plaintiffs.

GSPL has submitted their reply before the Civil Judge (Senior Division), Gorakhpur, wherein they have stated as under: (i) Ms. Satyavatidevi was of sound mind at the time of entering into the sale deed. Further she was also managing a hospital, by the name of Stayavati Ram Chikitsalaya. GSPL therefore prays that the plaint be dismissed and the costs for the proceedings be reimbursed by the Plaintiffs.

The matter is currently pending before the Civil Judge (Senior Division), Gorakhpur and the next date of hearing is on December 21, 2009.

***Outstanding litigations by our Group Entities***

***Cases filed by Gallantt Udyog Limited***

***c. Criminal Cases***

**1. *Gallantt Udyog Limited (“the Complainant”) v. Mr. Adil Rasheed (“the Accused”) before the Judicial Magistrate, 3<sup>rd</sup> Court, Gorakhpur, bearing case number 1210/09***

The Complainant has preferred the present complainant under Section 138 of the Negotiable Instrument Act, 1881 (“the Act”). The Complainant is a manufacturer and seller of MS Bars. The Accused had purchased M.S. bars weighing upto 5.560 metric tonnes from the Complainant; in lieu of which he owed a sum of Rs. 1,52,160/- to the Complainant. To discharge the said obligation the Accused issued two cheques, one dated November 20, 2008, bearing number 435457, for an amount of Rs. 75,000/- drawn on Punjab National Bank and another dated May 15, 2009, bearing number 435459, for an amount of Rs. 84,000/- drawn on Punjab National Bank. The

aforesaid cheques were dishonoured stating the reason as “Funds Insufficient”. The Complainant therefore states that a sum of Rs. 1,52,160/- is due and payable by the Accused and prays that the Accused be tried accordingly under Section 138 of the Act.

The matter is currently pending before the Judicial Magistrate’s 3<sup>rd</sup> Court, Gorakhpur and the next date of hearing is on January 10, 2010.

**2. *Gallantt Udyog Limited (“the Complainant”) v. Mr. Amrendra Mishra (“the Accused”) before the Judicial Magistrate, 3<sup>rd</sup> Court, Gorakhpur, bearing case number 02/2008***

The Complainant has preferred the present complainant under Section 138 of the Negotiable Instrument Act, 1881 (“the Act”). The Complainant is a manufacturer and seller of MS Bars. The Accused had purchased M.S. bars weighing upto 8.270 metric tonnes from the Complainant; in lieu of which he owed a sum of Rs. 2,01,005/- to the Complainant. To discharge the said obligation the Accused issued four cheques, first dated September 5, 2007, bearing number 132318, for an amount of Rs. 50,000/- drawn on ICICI Bank Limited, second dated October 15, 2007, bearing number 132318, for an amount of Rs. 50,000/- drawn on ICICI Bank Limited, third cheque dated October 29, 2007, bearing number 132320, for an amount of Rs. 50,000/- drawn on ICICI Bank Limited and the fourth cheque dated November 15, 2007, bearing number 132321, for an amount of Rs. 50,000/- drawn on ICICI Bank Limited. The aforesaid cheques were dishonoured stating the reason as “Funds Insufficient”. The Complainant therefore states that a sum of Rs. 2,01,005/- is due and payable by the Accused and prays that the Accused be tried accordingly under Section 138 of the Act.

The matter is currently pending before the Judicial Magistrate’s 3<sup>rd</sup> Court, Gorakhpur and the next date of hearing is on December 17, 2009.

**d. *Civil cases***

**1. *Govind Mills Limited (“Plaintiffs”) v. Uttar Pradesh Power Corporation, through the General Manager (distribution), Deputy General Manager and the Executive Engineer (“the Defendants”) before the Civil Judge (Senior Division), Gorakhpur bearing case number 249/2003***

The Plaintiffs have filed the present plaint under sections 41 of the Specific Relief Act, 1963. The Plaintiffs had obtained an industrial line of 2,610 KvA (“contracted load”) from the Defendants for the purpose of running their mini steel plant. The Defendants failed to supply the contracted demand to the Plaintiffs plant from June 4, 1998 to August 21, 1998 due to the line not being functional and from August 21, 1998 to September 18, 1998, the Plaintiffs were restricted to use the line only for powering their lights and fans. The Plaintiffs have preferred the present plaint as the Defendants have demanded the minimum charges applicable for the contracted load of 2,610 KvA. The Plaintiffs therefore pray that the demand of the Defendants be quashed and they receive their contracted load.

The Defendants have submitted their reply before the Civil judge (Senior Division), Gorakhpur, wherein they have admitted that for the aforementioned periods, the Plaintiffs were indeed deprived of their contracted load. Further, the Plaintiffs had approached the Defendants for redressal of their grievances. The Defendants state that they have conveyed the Plaintiff’s grievances to the appropriate authorities.

The Civil judge (Senior Division), Gorakhpur has granted a stay on demand raised by the Defendants for the aforementioned period. The matter is currently pending before the Civil Judge (Senior Division), Gorakhpur and the next date of hearing is on December 16, 2009.

**VI. *PENALTIES IMPOSED IN PAST CASES***

***Paid By Our Company in the last five years***

*Our Company has not incurred any penalties in the last five years towards alleged non-compliance / violation of applicable law / rules / regulations / orders are as follows:*

***Penalties paid by our Promoters / Directors in last five years.***

***Mr. Chandra P. Agarwal***

<b><i>Sr. Numbe rs</i></b>	<b><i>Brief description</i></b>	<b><i>Amount (Rs.)</i></b>
<b><i>1.</i></b>	Compounded penalty imposed by the Company Law Board on account of violations of sections 211(2), 211(1), 211 (3A), 211 (3A), 211 (3A), 211 (3B), 297 (1), 292(1)(c) and 292 (1)(e) of the Act, as discovered by inspection of the balance sheet, as on March 31, 2007, by the Office of Registrar of Companies, West Bengal.	2,500

***Penalties paid by Group Entities in last five years***

*Our Group Entities have not incurred any penalties in the last five years.*

***Amounts owed to Small Scale Undertakings and other creditors***

*As on date our Company does not owe a sum of Rs. 1,00,000/- which has been outstanding for a period of more than 30 days to any Small Scale Undertakings and other creditors.*

***VII. Material developments occurring after last balance sheet date, that is, March 31, 2009***

Except as stated under sub heading “Significant Developments after the date of the last Financial Statements” beginning on page 206 under the chapter titled “Management’s Discussion and Analysis of Financial Statements and Results of Operations as reflected in the Financial Statements” of this Draft Prospectus, no material developments have taken place after March 31, 2009, the date of the latest balance sheet, that would materially or adversely affect the performance or prospects of our Company. In accordance with SEBI requirements, our Company, the LM and the CLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

## **GOVERNMENT/STATUTORY AND BUSINESS APPROVALS**

*Our Company has received the necessary consents, licenses, permissions and approvals from the Government of India/Reserve Bank of India and various government agencies/private certification bodies as required for our present business activities and to undertake the Issue. No further material approvals are required for carrying on our present business activities and to undertake the Issue except as mentioned below. Unless otherwise stated, these approvals are all valid as of the date of the Draft Prospectus.*

*It must be distinctly understood that, in granting these approvals, the Government of India/Reserve Bank of India and various government agencies/private certification bodies does not take any responsibility for our company's financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. For further details in connection with the regulatory and legal framework within which our company operates, please see the section titled "Key Industrial Regulations and Policies" beginning on page numbers 141 of this Draft Prospectus.*

### ***I. A Approvals related to the Issue***

1. In- principle approval from the National Stock Exchange of India Limited dated [●];
2. In- principle approval from the Bombay Stock Exchange Limited dated [●];
3. SEBI Observation Letter Numbers [●] dated [●] issued by the Securities and Exchange Board of India for the Issue.
4. The Board of Directors of our Company have, pursuant to a resolution dated September 1, 2009, authorised the Issue;
5. The shareholders of our Company have, pursuant to a resolution dated September 23, 2009 under Section 81(1A) of the Companies Act, authorised the Issue; and

### ***B Corporate Related Approvals***

1. Certificate of incorporation issued in the name of our Company dated February 11, 2005 bearing Corporate Identity Number U27109WB2005PLC101650 issued by the Registrar of Companies, West Bengal.
2. Certificate for Commencement of Business issued in the name of our Company dated February 16, 2005 issued by the Registrar of Companies, West Bengal.

### ***C Tax related approvals***

1. Letter from the Income Tax PAN Services Unit allotting the Permanent Account Number to our Company – AACCG2969B.
2. Central Sales Tax Registration certificate, dated November 28, 2006, stating that the registration number allotted to the company is GR-5031045. Issued by the Assistant Commissioner, Sales Tax
3. Central Excise Registration certificate dated April 11, 2007, stating that the registration number allotted to the company for manufacturing excisable goods at its plant located at Plot Numbers A1-5, Sector – 23, GIDA INDL Area, Sahjanwa, Gorakhpur, Uttar Pradesh is AACCG2969BXM001.
4. Certificate of registration under section 69 of the Finance Act, 1994, dated October 13, 2007 issued by the office of the Assistant Commissioner, Central Excise and Service Tax Division stating the registration number as AACCG2969BXM001 further stating that the taxable service is transport of goods by road.



5. Letter, bearing reference number 20500202378561171/TAN/NEW, dated December 15, 2006, from the National Securities Depository Limited, allotting Tax Deduction Account Number – CALG04570G, to our Company.
6. Certificate of Enrolment, bearing number ECE-0371947, dated November 13, 2009, issued by the Profession Tax Officer, Salt Lake City, Kolkata stating that our Company has been enrolled under the West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979.

***D Approvals for our plant at Gorakhpur***

1. Letter dated October 15, 2009, bearing number CM/L 9756205, from the Beaureau of Indian Standards, Lucknow to our Company stating that our Company has been allotted IS 1786:2008 for high strength deformed steel bars and wires for concrete reinforcement (TMT). Our Company may affix the accreditation on the TMT bars for grade Fe 415 and sizes 8mm to 25mm. The same is valid until October 13, 2010.
2. Registration and License, bearing number GKP – 392, to work a factory, under section 6 of the Factories Act, 1948, issued to Mr. Prem P. Agarwal. The factory cannot employ more than 150 persons on any one day and not use more than 2,000 H.P. motive power. The same is valid unto December 31, 2009.
3. License bearing number H156, dated December 31, 2007; issued by Krishi Utpadan Mandi Samiti, Sahajanwa, Gorakhpur, for the purchase of wheat. The same is valid until a period of 20 years.
4. License for storage of Furnace oil / L.D.O. (Petroleum Class 'C'), bearing number A/P/HQ/UP/15/5003 (P227681) dated February 20, 2009, issued by the Chief Controller of Explosives of Ministry of commerce & Industry, Petroleum and Explosives Safety Organisation (formerly known as Department of Explosives) under Rule 140 of Petroleum Rules, 2002 for storage of 24 KL of Furnace oil / L.D.O. at the factory premises of the company located at Plot Numbers A1-5, Sector – 23, GIDA INDL Area, Sahjanwa, Gorakhpur, Uttar Pradesh.
5. License for storage of Furnace oil / L.D.O. (Petroleum Class 'C'), bearing number A/P/HQ/UP/15/5003 (P227683) dated February 20, 2009, issued by the Chief Controller of Explosives of Ministry of commerce & Industry, Petroleum and Explosives Safety Organisation (formerly known as Department of Explosives) under Rule 140 of Petroleum Rules, 2002 for storage of 18 KL of Furnace oil / L.D.O. at the factory premises of the company located at Plot Numbers A1-5, Sector – 23, GIDA INDL Area, Sahjanwa, Gorakhpur, Uttar Pradesh.
6. License for storage of Furnace oil / L.D.O. (Petroleum Class 'C'), bearing number A/P/HQ/UP/15/5003 (P227685) dated February 20, 2009, issued by the Chief Controller of Explosives of Ministry of commerce & Industry, Petroleum and Explosives Safety Organisation (formerly known as Department of Explosives) under Rule 140 of Petroleum Rules, 2002 for storage of 38 KL of Furnace oil / L.D.O. at the factory premises of the company located at Plot Numbers A1-5, Sector – 23, GIDA INDL Area, Sahjanwa, Gorakhpur, Uttar Pradesh.
7. Letter from the Ministry of Environment and Forests, Government of India, to our company dated February 2, 2009 stating that their application dated March 1, 2008 has been examined and approved for the Sponge Iron Plant (DRI with pelletization) steel melting shop (induction furnace) with captive power plant located at Plot Numbers A1-5, Sector – 23, GIDA INDL Area, Sahjanwa, Gorakhpur, Uttar Pradesh.
8. Intimation letter from the office of Bureau of Indian Standards dated October 15, 2009 stating that our Company is allotted IS number 1786 : 2008 for the production of 'High Strength Deformed Steel Bars for Concrete Reinforcement' under the type / size / grade 'High Strength Deformed Steel Bars for Concrete Reinforcement (TMT) Grade Fe 415, Sizes from 8mm upto and including 25mm.'. The

License Numbers allotted is CM/L – 9759205. License period commences from October 14, 2009 till October 14, 2010 and our Company has to compulsorily affix the said license number on each of the products manufactured by our Company.

9. Letter bearing number 2008 / TT (I) / 10 / Gallantt / 60 dated November 18, 2008 from Ministry of Railways, Government of India to our Company stating that transport clearance for transport of goods, iron ore (0.396 MTPA) and coal (0.423 MTPA) by rail has been granted to our Company.
10. Certificate of Importer Exporter Code dated May 5, 2008 issued by the Deputy Director of Foreign Trade, Ministry of Commerce, Government of India in favour of our Company bearing IC Number 0208002774.
11. Letter dated January 28, 2009, from the Ministry of Water Resources, Central Ground Water Authority, Government of India, to our Company, granting their no-objection for withdrawal of upto 1,700 m<sup>3</sup>/day of ground water for the unit located at Gorakhpur, Uttar Pradesh.
12. Letter, bearing number K/New Coverage/C-1-626/09, dated August 20, 2009, from the Regional Office – Employee State Insurance Corporation, Kanpur, to our Company, stating that the code allotted to our Company is 21-00-040037-000-0004. The employees covered as on date are 33.
13. Letter, bearing number 104929 EPF/SRO/Compliance/U.P./4B043, dated July 16, 2009, from the Sub Regional Office, Employee Provident Fund Organisation, stating that the code allotted to our Company is U.P./48043 under the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952.
14. Registration under the Standard of Weights and Measures Act, 1976, bearing number 0269770, dated April 29, 2009, issued by the Inspector, Office of the Weights and Measures Department. The same is valid until April 26, 2010.
15. Letter, bearing number 2008/TT/(I)/10/Gallantt/60, dated November 18, 2008, from the Ministry of Railways, Government of India, granting rail transport clearance to our Company, for the construction of a proposed siding at Sahjanwa Railway station on N.E. Railway for the integrated steel plant of 0.2 MTPA capacity and captive power plant of 24 Mega Watt. Our Company has been authorised for the inward movement of Iron ore (0.396 M.T.P.A.) and Coal (0.423 M.T.P.A.)
16. License, bearing number 2919, dated December 5, 2007, issued by the Purvanchal Vidyut Vitran Nigam Limited, granting an electric load of 15,000 KvA to our Company.
17. Letter, bearing number 115, dated January 31, 2009, issued under section 7(2) of the Contract Labour Abolition and Regulation Act, 1970; by the office of the registration officer, Government of Uttar Pradesh. Our Company may hire upto 500 people on any given day.
18. No – objection Certificate, bearing number 705/NOC-41/08/6, dated March 31, 2008, issued by the Uttar Pradesh Pollution Control Board, Gorakhpur, under the Environment Protection Act, 1986, stating that our Company may commence production of Atta, Maida, Suji and Chokar (subject to a maximum of 600 metric tons per day).
19. No objection Certificate, bearing number 2412/NOC- 21/2007/4, dated December 29, 2007, issued by the Uttar Pradesh Pollution Control Board, Gorakhpur, under the Environment Protection Act, 1986, stating that our Company may commence production of MS TMT Bars (subject to a maximum of 490 metric tons per day).
20. No objection Certificate, bearing number F47391/C6/NOC/36/GKP, dated April 8, 2009, issued by the Uttar Pradesh Pollution Control Board, Gorakhpur, under the Environment Protection Act, 1986, stating that our Company may commence production of Steel Billets (subject to a maximum of

2,16,000 tons per year), Sponge iron (1,98,000 tons per year), iron ore plates (90,000 tons per year), electricity (24 Mega Watts).

21. Letter dated November 27, 2006, issued by the Assistant Commissioner, Gorakhpur, Uttar Pradesh stating that Trade Tax Registration bearing number GR0088340 TIN numbers 9118603641

#### ***E Approvals from the Secretariat for Industrial Assistance***

1. Letter from the Secretariat for Industrial Assistance, Ministry of Commerce and Industry, bearing number 4291/SIA/IMO/2006, dated August 7, 2006, acknowledging the receipt of the memorandum, from our Company, pertaining to the establishment of a new undertaking; that is, generation of Electric Energy produced in coal based thermal power plant (Annually 24 Mega Watts).
2. Letter from the Secretariat for Industrial Assistance, Ministry of Commerce and Industry, bearing number 5/SIA/IMO/2008, dated January 2, 2008, acknowledging the receipt of the memorandum, from our Company, pertaining to the establishment of a new undertaking; that is, manufacture of Wheat products, Maida, Atta, Suji and Bran by power machine (Annually 72,000 M.T.)
3. Letter from the Secretariat for Industrial Assistance, Ministry of Commerce and Industry, bearing number 1296/SIA/IMO/2006, dated May 1, 2008, acknowledging the receipt of the memorandum, from our Company, pertaining to the establishment of a new undertaking; that is; (i) Sponge Iron – Manufacture of Direct reduced Iron and other Spongy Ferrous products in primary forms (1,20,000 M.T.); (ii) Billet Ingot – Manufacture of Iron and Steel in semi finished form (2,00,000 M.T.); (iii) Runner and Riser – Manufacture of Iron and Steel in semi finished form (3,800 M.T.); (iv) M. S. Bar – Manufacture of hot rolled semi finished iron and steel products in re rolling mills (2,00,000 M.T.); (v) Miss rolled bar – Manufacture of hot rolled semi finished iron and steel products in re rolling mills (5,600 M.T.); and (vi) Pellets - Manufacture of iron ore lumps from iron ore dust in primary forms (1,20,000 M.T.)
4. Letter from the Secretariat for Industrial Assistance, Ministry of Commerce and Industry, bearing number 4302/SIA/IMO/2006, dated August 7, 2006, acknowledging the receipt of the memorandum, from our Company, pertaining to the effective substantial expansion; that is, (i) Sponge iron – Manufacture of Direct reduced iron and other spongy ferrous products in primary forms (1,20,000 M.T. to 1,98,000 M.T.); (ii) Billet Ingot – Manufacture of Iron and Steel in primary semi finished forms in mini steel plant (2,00,000 M.T. to 2,16,000 M.T.); (iii) Runner and Riser – Manufacture of Iron and Steel in primary semi finished form in mini steel plants (3,800 M.T. to 4,104 M.T.); (iv) M. S. Bar – Manufacture of hot rolled semi finished iron and steel products in re rolling mills (2,00,000 M.T.); (v) Miss rolled bar – Manufacture of hot rolled semi finished iron and steel products in re rolling mills (5,600 M.T.); and (vi) Pellets - Manufacture of iron ore lumps from iron ore dust in primary forms (1,20,000 M.T.)

#### ***Applied for but not received***

3. Letter dated June 30, 2008, to the Secretary – Ministry of Coal, Shastri Bhavan, applying for a sanction for long term coal linkage, upto 2,97,000 TPA, from the coal mines of South Eastern Coalfields Limited / Northern Coalfields Limited / Mahanadi Coalfields Limited / Central Coalfields Limited for installation of the plant for manufacturing Sponge Iron thorough Pellet, upto 1,98,000 TPA, at Gorakhpur, Uttar Pradesh.
4. Letter dated June 30, 2008, to the Secretary – Ministry of Coal, Shastri Bhavan, applying for a sanction for long term coal linkage, upto 1,26,700 TPA, from the coal mines of South Eastern Coalfields Limited / Northern Coalfields Limited / Mahanadi Coalfields Limited / Central Coalfields Limited for installation of the plant for manufacturing 24 Mega Watts of power through captive power plant at Gorakhpur, Uttar Pradesh.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the issue and details of resolution passed for the issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on September 01, 2009, authorized the Issue, subject to the approval of the shareholders of the Company under Section 81 (1A) of the Companies Act.

The shareholders of Gallantt Ispat Limited have authorized the Issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Extra-ordinary General Meeting held on September 25, 2009

### Prohibition by SEBI, If any

The Company, its Promoters, its Directors or any of the Company's associates or group companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Directors or Promoters in control of, of the promoting Company, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

The Promoters, their relatives (as per Act), the Company, group companies, associate companies are not detained as willful defaulters by RBI / Government authorities.

None the Directors of our Company are associated with entities which have been prohibited from accessing the securities market.

### Eligibility of the Issue:

Since Gallantt Ispat limited does not meet the track record criteria as specified in sub-clause (b) of clause 1 of regulation 26 of the SEBI Regulations, hence the company is coming out with an issue in terms of sub-clauses (a) (ii) and (b) (i) of clause (2) of Regulation 26 of the SEBI (ICDR) Regulations, 2009, which is stated as hereunder:

1. at least fifteen per cent. of the cost of the project is contributed by scheduled commercial banks or public financial institutions, of which not less than ten per cent. shall come from the appraisers and the issuer undertakes to allot at least ten per cent. of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make the allotment to the qualified institutional buyers;
- a. The entire project will have 40.20% participation by Banks and Financial Institutions.

*(Rs. In Crores)*

Sr. Numbers	Name of Bank	Amount Sanctioned	% of Total Project Cost
1	State Bank of India (Appraiser)	70.00	22.70
2	State Bank of Patiala	30.00	9.72
3	State Bank of Mysore	24.00	7.78
<b>Total</b>		<b>124.00</b>	<b>40.20</b>

- b. The company has reserved minimum 6,70,000 equity shares being 10% of net offer to public of Rs 3,350 lacs for equity participation from QIBs.
2. The minimum post-issue face value capital of the issuer is ten crore rupees. The post issue capital of the company will be Rs. 2,676.63 lacs.

## **DISCLAIMER CLAUSE**

**AS REQUIRED, A COPY OF THIS DRAFT PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT PROSPECTUS. THE LEAD MANAGER ANAND RATHI ADVISORS LIMITED AND THE CO-LEAD MANAGER VC CORPORATE ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER ANAND RATHI ADVISORS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●] IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
  - (A) THE DRAFT PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - (C) THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (ICDR) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOT APPLICABLE
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH SEBI UNTIL THE DATE COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SEBI (ICDR) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT PROSPECTUS.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.
8. WHERE THE REQUIREMENTS OF PROMOTER'S CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER APPLICABLE PROVISIONS OF THE REGULATIONS ARE NOT APPLICABLE TO THE ISSUER.
9. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
10. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE WILL BE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY SHALL CONTAIN THIS CONDITION.
11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.
12. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE

**13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:**

- (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND**
- (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

**THE FILING OF THE DRAFT PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER AND THE CO-LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT PROSPECTUS.**

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Draft Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

**Disclaimer from our Company, the LM and CLM**

Our Company, our Directors and the LM and CLM accept no responsibility for statements made otherwise than in the Draft Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our Company's website, [www.gallantt.com](http://www.gallantt.com), would be doing so at his or her own risk.

The LM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the LM and our Company dated October 23, 2009.

All information shall be made available by our Company, the LM and CLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or elsewhere.

Neither our Company nor the Syndicate shall be liable to the Applicant for any failure in downloading the Applications due to faults in any software/hardware system or otherwise.

**Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company, the LM and the CLM and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the LM and the CLM and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.**

**Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted non residents including eligible NRIs, FIIs and other

eligible foreign investors, provided they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. The Draft Prospectus does not, however, constitute an invitation to subscribe to the Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Prospectus comes is required to inform himself or her self about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Kolkata only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that the Draft Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented hereby may not be issued or sold, directly or indirectly, and the Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”), or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Further, each Applicant where required agrees that such Applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

#### **Disclaimer Clause of BSE:**

Bombay Stock Exchange Limited (“the Exchange”) has given *vide* its letter number [●] dated [●] given permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed to mean that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of NSE**

As required, a copy of this Offer Document has been submitted to NSE. NSE has given *vide* its letter reference: [●] dated [●], permission to the Company to use the NSE's name in this Offer Document as one of the stock exchanges



on which this Company's securities are proposed to be listed. The exchange has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company.

**Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.**

#### **Filing of Prospectus with SEBI and the Registrar of Companies**

A copy of the Draft Prospectus has been filed with SEBI at the Division of Issues and Listing at SEBI Bhavan, Eastern Regional Office, 3<sup>rd</sup> floor, L&T Chambers, 16 Camac street, Kolkata – 700 017.

A copy of the Prospectus along with the documents required to be filed under section 60B of the Companies Act will be delivered for registration to the RoC at least 3 (three) days before the Issue Opening Date. The office of the Registrar of companies is situated at:

#### **Registrar of Companies, West Bengal**

Ministry of Corporate Affairs,  
Nizam Palace,  
2nd MSO Building,  
2nd Floor, 234/4, A.J.C.B., Road,  
Kolkata 700 020.  
West Bengal

#### **Listing**

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being offered in the Issue. [●] will be the Designated Stock Exchange with which the basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of our Equity Shares is not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest all money received from the Applicant in pursuance of the Prospectus. If such money is not repaid within eight (8) days after our Company becomes liable to repay it. (i.e. from the date of refusal or within fifteen (15) days from the Issue Closing date, whichever is earlier), then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of eight (8) days, be jointly and severally liable to repay the money with interest at the rate of 15% per annum on the Application amount, as prescribed under Section 73 of Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven (7) working days of finalization and adoption of the basis of Allotment for this Issue.

#### **Impersonation**

**Attention of the Applicant is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:**

**“Any person who:**

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

## Consents

Necessary Consents for the issue have been obtained from the following:

1. Directors of the Company
2. Bankers to the Company
3. Auditors
4. Legal Advisors
5. Lead Manager to the Issue
6. Co-lead Manager to the Issue
7. Registrar to the Issue
8. Company Secretary and Compliance Officer
9. Bankers to the Issuer

The said consents would be filed along with a copy of Draft Prospectus with the RoC as required under Sections 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Draft Prospectus for registration with the RoC.

Anoop Agrawal & Company, Chartered Accountants the statutory auditors of the Company have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Draft Prospectus for registration with the RoC.

Anoop Agrawal & Company, Chartered Accountants, have given their written consent to the tax benefits accruing to the Company and its members in the form and context in which it appears in this Draft Prospectus and has not withdrawn such consent up to the time of delivery of this Draft Prospectus for registration with the RoC.

## EXPERT OPINION

As on the date of the Draft Prospectus, the Company has not obtained any expert opinion.

## ISSUE EXPENSES

The expenses of the Issue payable by our Company inclusive of brokerage, fees payable to the LM and CLM to the Issue, Registrar to the Issue, Legal Advisors & Tax Consultants, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses will be met out of the proceeds of the present issue.

## DETAILS OF ESTIMATED FEES/EXPENSES PAYABLE

Sr. numbers	Particulars	Fees (in Rs. Lacs)	As a % of Total Issue Expenses	% of total issue size
1.	LM and CLM fees	[●]	[●]	[●]
2.	Registrars fees	[●]	[●]	[●]
3.	Legal Advisors fees	[●]	[●]	[●]
4.	Advertising & Marketing expenses	[●]	[●]	[●]
5.	Brokerage & Selling expenses	[●]	[●]	[●]

6.	Other Miscellaneous expenses	[●]	[●]	[●]
<b>Total</b>				

## PREVIOUS PUBLIC OR RIGHTS ISSUES IN THE LAST FIVE YEARS

This is the first public issue of shares of our Company. Our Company has not made any public issue or right issue of Equity Shares / Debentures since inception.

## ISSUE OF SHARES OTHERWISE THAN FOR CASH

Except as stated in the section titled “*Capital Structure*” on page 39, our Company has not issued any Equity Shares for consideration other than cash.

## COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

The Company has not made any public issue of Equity Shares/Debentures since incorporation; hence there is no commission or brokerage payable on previous issues.

**The Issuer Company and the other companies under the same management have not made any capital issue during the last three years.**

## PROMISE VIS-À-VIS PERFORMANCE

Our Company has not made any public issue of Equity Shares/debentures prior to this issue.

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by our company outstanding as on the date of Draft Prospectus and terms of issue.

Gallantt Metal Limited, our Corporate Promoter, undertook a public offering in the financial year 2005-2006. There was a delay in the performance of this offering when compared against the implementation schedule laid down in the prospectus of Gallantt Metal Limited

The details of the schedule of implementation and the actual implementation is as given below:

### Phase I – Sponge Iron, Induction Furnace and Re-Rolling Mill

Sr. Numbers	Activity	Expected Date of Completion	Actual Date of Completion	Reasons for Delay
I	Acquisition of Land	February, 2005	February, 2005	NIL
II	Development of Land	March, 2006	March, 2006	NIL
III	Civil Works	March, 2006	March, 2006	NIL
IV	Plant & Machinery	February, 2006	February, 2006	NIL
V	Arrangement of Water	August, 2005	August, 2005	NIL
VI	Erection of Equipment	February, 2005	February, 2005	NIL
VII	Commissioning	February, 2006	February, 2006	NIL
VIII	Procurement of raw materials	February, 2006	February, 2006	NIL
IX	Training of Personnel	February, 2006	February, 2006	NIL
X	Trial Runs	December, 2005	December, 2005	NIL
XI	Commercial Production	December , 2005	December , 2005	NIL

## Phase II – Captive Power Plant

Sr. Numbers	Activity	Expected Date of Completion	Actual Date of Completion	Reasons for Delay
I	Acquisition of Land	February, 2005	February, 2005	NIL
II	Development of Land	March, 2006	March, 2006	NIL
III	Civil Works	March, 2006	March, 2006	NIL
IV	Plant & Machinery	May, 2006	November, 2006	Refer Note
V	Erection of Equipment	June, 2006	November, 2006	Refer Note
VI	Commissioning	August, 2006	February, 2007	Refer Note
VII	Procurement of raw materials	September, 2006	February, 2007	Refer Note
VIII	Training of Personnel	September, 2006	February, 2007	Refer Note
IX	Trial Runs	September, 2006	February, 2007	Refer Note
X	Commercial Production	October, 2006	March, 2007	Refer Note

### Note:

There was a delay in the performance of this offering when compared against the implementation schedule laid down in the prospectus of Gallantt Metal Limited due to delay in supply of machinery thereby delaying the erection and commissioning of the plant due to which the trial and commercial production were delayed beyond the period of expected completion.

## STOCK MARKET DATA

The Equity Shares of the Company are currently not listed / quoted on any Stock Exchanges.

## INVESTORS GRIEVANCES REDRESSAL MECHANISM

The Registrar to the Issue will handle investors' grievances pertaining to this issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to our Company. The Company would also be co-ordinating with the Registrar to the Issue in attending to the grievances of the investors. Our Company assures that the following schedules shall be adhered to by the Board of Directors in respect of the complaints, if any, to be received.

Sr. Numbers	Nature of the Complaint	Time Taken
1.	Non-receipt of the refund shares	Within 7 days of receipt of complaint, subject to production of satisfactory evidence
2.	Change of Address notification	Within 7 days of receipt of intimation by our Company
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

Our Company has appointed Mr. Nitesh Kumar, Company Secretary, as Compliance Officer who would directly deal with SEBI office with respect to implementation of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints.

### *Mechanism Evolved for Redressal of Investor Grievances*

The Company will settle investor grievances expeditiously and satisfactorily. The agreement between Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue, for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, and refund orders to enable the

investors to approach the Registrar to the Issue for redressal of their grievances. All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

#### ***Disposal of Investor Grievances***

Our Company estimates that the average time required by it or the Registrar to the Issue for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, our Company or the Registrars will seek to redress these complaints as expeditiously as possible.

Our Company has appointed, Mr. Nitesh Kumar, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue related problems such as non-receipt of allotment advice, refund orders and demat credit, etc. He can be contacted at “Ashyana” 29C, Bentinck Street, Kolkata - 700 069 Tel.: (033) 22312429; Fax: (033) 22312429 E-mail: investors@gallantt.com, website: www.gallantt.com;

#### **CHANGES IN AUDITORS DURING THE LAST THREE YEARS AND REASONS THEREOF**

M/s. A. K. Mehria & Associates, Chartered Accountants resigned on August 31, 2009 as statutory auditors of our Company. Thereafter M/s Anoop Agarwal & Company, Chartered Accountants were appointed as our Companys statutory auditors on and with effect from September 25, 2009.

#### **CAPITALISATION OF RESERVES OR PROFITS DURING LAST FIVE YEARS**

The company was incorporated in February 11, 2005 and there has not been any capitalization of reserves or profits till the date of filing of Draft Prospectus except for the bonus shares issued to existing shareholders of our Company vide an EGM dated September 29, 2007.

#### **REVALUATION OF ASSETS DURING THE LAST FIVE YEARS**

The company was incorporated in February 2005 and there has not been any revaluation of Assets till the date of filing of Draft Prospectus.

## SECTION VIII - ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

Public issue of 81,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. 50/- per Equity Share including a share premium of Rs. 40/- per Equity Share aggregating to Rs. 4,050 lacs (hereinafter referred to as the “Issue”) comprising of 14,00,000 Equity Shares of Promoter contribution and Net Offer to the public of 67,00,000 Equity Shares of Rs.10/- each. The issue would constitute 30.26% of the fully post issue paid up capital of our Company and the Net Offer to the public would constitute 25.03% of the fully diluted post issue paid up capital of our Company.

	<b>QIBs</b>	<b>Non-Institutional Investor</b>	<b>Retail Individual Investor</b>
Number of Equity Shares	At least 6,70,000 Equity Shares must be allotted to QIBs.	Not less than 26,80,000 Equity Shares	Not less than 33,50,000 Equity Shares
Percentage of Issue Size available for allocation	At least 10% of the Net Issue. Subject to the preceding condition the allocation to the QIB Portion shall be the difference of the aggregate of the portion allotted to Non-Institutional Investors and Retail Individual Investors; and the net issue.	Upto 40% of the Net Issue. Net Issue to Public less allocation to QIB Applicants and Retail Individual Investor	At least 50% of the Net Issue. Subject to the preceding condition the allocation to the Retail Individual Investors Portion shall be the difference of the Net Issue and the QIB portion.
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate
Minimum Application amount	Such number of Equity Shares that the Application amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Application amount exceeds Rs 1,00,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.
Maximum Application amount	Not exceeding the size of the Issue subject to applicable limits	Not exceeding the size of the Issue subject to applicable limits	Such number of Equity Shares whereby Application amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply	A mutual fund, venture capital fund and foreign venture capital investor registered with the Board; a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, Scientific Institutions, Societies and Trusts	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Application amount does not exceed Rs. 1,00,000 in value.

	<b>QIBs</b>	<b>Non-Institutional Investor</b>	<b>Retail Individual Investor</b>
	foreign individual), registered with the Board; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of twenty five crore rupees; a pension fund with minimum corpus of twenty five crore rupees; National Investment Fund set up by resolution numbers F. Numbers 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India		
Terms of Payment	Margin Amount applicable to QIB Applicants at the time of submission of Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Applicants at the time of submission of Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Applicant at the time of submission of Application Form to the Member of Syndicate.
Margin Amount	Atleast 10% of the Application Amount in respect of applications placed by QIB Applicant.	Full Amount on Application	Full Amount on Application.

**Notes:**

Subject to valid Applications being received at the Issue Price; under subscription, if any, in the Non-Institutional Portion and Retail Individual Portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the LM. If at least 10% of the Net Issue cannot be allotted to QIB Applicants, then the entire application money will be refunded.

In case the Application Form is submitted in joint names, the investors should ensure that the DEMAT account is also held in the same joint names and in the same sequence in which they appear in the Application Form.

**After the Closing Date, depending upon the level of subscription, additional margin amount, if any, may be called from the QIB Applicants.**

### ***Issue Period***

<b>ISSUE OPENING DATE*</b>	<b>[•]</b>
<b>ISSUE CLOSING DATE</b>	<b>[•]</b>

*\*Our Company may consider participation by Anchor Investors. The Issue Period for Anchor Investors shall be one day prior to the Issue Opening Date. Further the issue shall be open for a minimum of three working days..*

Applications will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Issue Period as mentioned above at the application centres mentioned in the Application Form except that on the Issue Closing Date, Applications shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) and uploaded until:

1. 5.00 p.m. in case of applications by QIB Applicants and Non-Institutional Applicants applying in excess of Rs. 1,00,000; and
2. Until such time as permitted by the BSE and the NSE, in case of Applications by Retail Individual Applicants where the Application amount is up to Rs. 1,00,000. Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Issue Closing Date.

Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, which may lead to some Applications not being uploaded due to lack of sufficient time to upload, such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Business Days. Applications will be accepted only on Business Days.

Investors please note that as per letter numbers List/smd/sm/2006 dated July 03, 2006 and letter numbers NSE/IPO/25101-6 dated July 06, 2006 issued by BSE and NSE respectively, Applications and any revision in Applications shall not be accepted on Saturdays and Holidays as declared by the exchanges.



## **TERMS OF THE ISSUE**

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, our Memorandum and Articles of Association, the terms of the Draft Prospectus, Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, ROC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### **Authority for the Issue**

The Issue has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the Extra Ordinary General Meeting of the shareholders of our Company held on September 25, 2009.

### **Ranking of Equity Shares**

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The Applicants will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

### **Mode of Payment of Dividend**

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 1956.

### **Face Value and Issue Price**

The Equity Shares having a Face Value of Rs. 10/- each are being offered in terms of this Draft Prospectus at the price of Rs. 50/- per Equity Share. The Issue Price is determined by our Company in consultation with the LM and CLM. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

### **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please refer to Section titled “*Main Provisions of Articles of Association*” beginning on page numbers 259 of this Draft Prospectus.

### **Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI (ICDR) Regulations, 2009 the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [●] Equity Shares to the successful investors.

### **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicant, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company. In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Notwithstanding anything stated above, since the Allotment in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

### **Minimum Subscription**

If the issuer does not receive the minimum subscription of ninety per cent of the offer through offer document on the date of closure of the issue, or if the subscription level falls below ninety per cent after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest as per section 73 of the Companies Act, 1956.

If the number of allottees in the proposed Issue is less than 1000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate 15% per annum for the delayed period.

### **Arrangements for disposal of odd lots**

Since our Equity Shares will be traded in dematerialized form only; the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

### **Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting**

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer to article number 12 of the chapter titled “*Main Provisions of the Articles of Association*”, appearing on Page 259 of this Draft Prospectus.

#### **New Financial Instruments**

The Issuer Company is not issuing any new financial instruments through this Issue.

#### **Option to Receive Securities in Dematerialised Form**

**As per SEBI Regulations, equity Shares will be issued only in the dematerialized form to the Allottees.** Allottees will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

## **ISSUE PROCEDURE**

### **Fixed Price Issue Procedure**

The Issue is being made under Regulation 26(2) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 *via* Fixed Price Process. Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Bankers to the Issue who shall duly submit to them the Registrar of the Issue. In case of QIB Applicant, the Company in consultation with the LM and CLM may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non-Institutional Applicant and Retail Individual Applicant, our Company would have a right to reject the Applications only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Applicants only in dematerialized form. Applicants will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchange. However, the investors / shareholders may get the specified securities rematerialised subsequent to allotment.

### **Application Form**

Applicant shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus. Upon completing and submitting the Application Form to the Bankers, the Applicant is deemed to have authorised our Company to make the necessary changes in the Draft Prospectus and the Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Applicant.

The prescribed colour of the Application Form for various categories is as follows:

### **Category Colour**

White – Indian Public or NRIs applying on a non-repatriation basis

Blue – Non-residents including eligible NRIs, FVCIs, FIIs etc. applying on a repatriation basis

### **Who can Apply?**

- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: “Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Applications by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations, as applicable);
- FIIs registered with SEBI;
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;

- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Foreign Venture Capital Investors registered with SEBI;
- Multilateral and bilateral development financial institutions;
- National Investment Fund; and
- Permanent and Regular Employees.

#### **Applications not to be made by:**

- Minors
- Partnership firms or their nominees
- Foreign Nationals (except NRIs)
- Overseas Corporate Bodies

#### **Participation by Associates of LM and CLM**

The LM and CLM shall not be allowed to subscribe to this Issue in any manner. However, associates and affiliates of the LM and CLM may subscribe to or purchase Equity Shares in the Issue, where the allocation is on a proportionate basis.

#### **Availability of Prospectus and Application Forms**

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, LM and CLM to the Issue, Registrar to the Issue and the collection Centres of the Bankers to the Issue, as mentioned in the Application Form.

#### **Option to subscribe in the Issue**

- Investors will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.
- The equity shares, on allotment, shall be traded on stock exchange in demat segment only.
- A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

#### **Application by Indian Public including eligible NRI's applying on Non-Repatriation**

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non-Residents (except for those applying on non-repatriation), trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF.

An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public.

#### **Application by Mutual Funds**

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

**No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.**

**In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly Indicate the scheme concerned for which the Application has been made.**

#### **Applications by Eligible NRIs/FII's on Repatriation Basis**

Application Forms have been made available for Eligible NRIs at our Registered Office.

Eligible NRI Applicant may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification numbers FEMA/20/2000-RB dated 03/05/2000 to issue securities to NRI's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRI's on repatriation basis.

Allotment of Equity Shares to Non-Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian Tax Laws and regulations and any other applicable laws.

The company does not require approvals from FIPB or RBI for the Transfer of Equity Shares in the issue to eligible NRI's, FII's, Foreign Venture Capital Investors registered with SEBI and multilateral and bilateral development financial institutions.

#### **As per the current regulations, the following restrictions are applicable for investments by FIIs:**

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of 2,67,66,297 Equity Shares). In respect of an FII investing in our equity shares on behalf of its sub accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.

In accordance with the foreign investment limits, the aggregate FII holding in our company cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII may issue, deal or hold, off shore derivative instruments such as participatory notes, equitylinked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "Know Your Client" requirements.

An FII shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

In case of FII's in NRI/FII Portion, number of Equity Shares applied shall not exceed issue size.

### **Applications by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

**The above information is given for the benefit of the Applicant. Our Company the LM and CLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicant are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.**

### **MAXIMUM AND MINIMUM APPLICATION SIZE**

#### **(a) For Retail Individual Applicant:**

The Application must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs. [●]. In case of revision of Applications, the Retail Individual Applicant have to ensure that the Application Price does not exceed Rs. 50/-.

#### **(b) For Other Applicant (Non-Institutional Applicant and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay QIB Margin upon submission of Application.

In case of revision in Applications, the Non-Institutional Applicant, who are individuals, have to ensure that the Application Amount is greater than Rs. 1,00,000 for being considered for allocation in the Non-Institutional Portion.

**Applicant are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.**

### **Applications under Power of Attorney**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/ or bye laws must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate

must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserve the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by provident funds with minimum corpus of Rs. 25 crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

**The Company in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that the Company, the LM and CLM may deem fit.**

#### **Information for the Applicant:**

- Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
- The LM and CLM will circulate copies of the Prospectus along with the Application Form to potential investors.
- Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/or the Application Form can obtain the same from our registered office or from the corporate office of the LM and CLM.
- Applicants who are interested in subscribing for the Equity Shares should approach the LM and CLM or their authorized agent(s) to register their Applications.
- Applications made in the Name of Minors and/or their nominees shall not be accepted.
- Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

#### **Instructions for Completing the Application Form**

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. Application Forms should bear the stamp of the LM and/or CLM. Application Forms, which do not bear the stamp of the LM and/or CLM will be rejected.

Applicant residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at Kolkata only payable to “Gallant Ispat Limited – Public Issue”

#### **Applicant's Depository Account and Bank Details**

Applicant should note that on the basis of name of the Applicant, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the



Registrar to the Issue will obtain from the Depository the demographic details including address, Applicant bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Applicant. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicant at the Applicant sole risk and neither the LM or CLM or the Registrar or the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicant should carefully fill in their Depository Account details in the Application Form.

**IT IS MANDATORY FOR ALL THE APPLICANTS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL APPLICANTS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Applicant including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

### **Basis of Allotment**

Allotment will be made in consultation with [●] (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

- a) A Minimum of 10% of Net Offer to Public (i.e. 6,70,000 equity shares) shall be allotted to Qualified Institutional Buyers (QIB"s) and then Applicant will be categorised according to the number of Shares applied for.
- b) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over-subscription ratio (number of Applicant in the category x number of Shares applied for).
- c) The number of Shares to be allocated to the successful Applicant will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the over-subscription ratio). For applications where the proportionate allotment works out to less than 200 equity shares the allotment will be made as follows:
  - o each successful applicant shall be allotted 200 equity shares; and
  - o the successful Applicant out of the total Applicant for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- d) If the proportionate allotment to an applicant works out to a number that is not a multiple of [●] equity shares, the applicant would be allotted Shares by rounding off to the nearest integer subject to a minimum allotment of [●] equity shares.
- e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Applicant in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Applicant in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of Applicant applying for the minimum number of Shares g. If as a result of the process of rounding off to the nearest integer, results in the actual allotment being higher than the shares offered, the

final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.

- f) The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual Applicant as described below:
- A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
  - The balance net offer of shares to the public shall be made available for allotment to a) individual Applicant other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
  - The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allocation to Applicant in the other category, if so required.

Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 1,00,000/-.

Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with the Designated Stock Exchange. The drawal of lots (where required) to finalize the basis of allotment shall be done in the presence of a public representative on the governing board of the Designated Stock Exchange.

- g) The Executive Director / Managing Director of the Designated Stock Exchange in addition to LM, CLM and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

#### **REFUNDS:**

**In case of Applicant receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicant sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the LM and CLM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Applicant (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Applicant who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicant so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.**

**As per the RBI regulations, OCBs are not permitted to participate in the Issue.**

**There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds Applicant will be treated on the same basis with other categories for the purpose of allocation.**

## **TERMS OF PAYMENT / PAYMENT INSTRUCTIONS**

The entire issue price of Rs. 50/- per share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, The Company shall refund the excess amount paid on Application to the Applicant

### **Escrow Mechanism**

The Company the LM and the CLM shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Applicants shall make out the cheque or demand draft in respect of his or her Application. Cheques or demand drafts received for the full Application Amount from Applicants in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Draft Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Applicant shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants.

On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Applicants shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Draft Prospectus.

The Applicant should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the LM, the CLM, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Applicants.

Each Applicant shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the allocation/Allotment as per the following terms:

### **Payment into Escrow Account**

1. QIB Applicants, Non-Institutional Applicants and Retail Individual Applicants would be required to pay their applicable Margin Amount at the time of the submission of the Application Form. The Margin Amount payable by each category of Applicants is mentioned under the section entitled “*Issue Structure*” on page 236 of this Draft Prospectus.
2. The Applicant for whom the applicable Margin Amount is equal to 100%, shall, with the submission of the Application Form, draw a payment instrument for the Application Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
3. In case the above Margin Amount paid by the Applicant during the Application Period is less than the Issue Price multiplied by the Equity Shares allocated to the Applicant, the balance amount shall be paid by the Applicant into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the LM and the CLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Application of the Applicant is liable to be cancelled.
4. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - (a) In case of Resident QIB Buyers: “GIL – Public Issue – QIB – R”
  - (b) In case of Non Resident QIB Buyers: “GIL – Public Issue – QIB – NR”
  - (c) In case of Resident Retail and Non-Institutional Buyers: “GIL – Public Issue –R”
  - (d) In case of Non-Resident Retail and Non-Institutional Applicants: “GIL – Public Issue –NR”

5. In case of Applications by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account. In case of Applications by Eligible NRIs applying on non-repatriation basis, the payments must be made out of NRO account.
6. In case of Application by FIIs/FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. The monies deposited in the Escrow Account will be held for the benefit of the Applicants till the Designated Date.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
9. On the Designated Date and no later than 15 days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on application, if any, after adjusting for allocation/Allotment to the Applicants.
10. Payments should be made by cheque, or demand draft drawn on any Bank (including a Cooperative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

### **Payment by Stockinvest**

In terms of the Reserve Bank of India Circular Numbers DBOD Numbers FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

### **GENERAL INSTRUCTIONS**

#### **Do's:**

1. Check if you are eligible to apply;
2. Read all the instructions carefully and complete the applicable Application Form;
3. Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;
4. Ensure that the Applications that submitted are forms bearing the stamp of the LM and/or CLM;
5. Each of the Applicant should mention their Permanent Account Number (PAN) allotted under the IT Act;
6. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
7. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form.

#### **Don'ts:**

1. Do not apply for lower than the minimum Application size;
2. Do not apply at a Price Different from the Price Mentioned herein or in the Application Form

3. Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
4. Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
5. Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue.
6. Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

## **OTHER INSTRUCTIONS**

### **Joint Applications in the case of Individuals**

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

### **Multiple Applications**

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

### **Permanent Account Number or PAN**

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ("PAN") to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicant, should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicant should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

## **RIGHT TO REJECT APPLICATIONS**

In case of QIB Applicant, the Company in consultation with the LM and CLM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicant, Retail Individual Applicant who applied, the Company has a right to reject Applications based on technical grounds.

## **GROUND FOR REJECTIONS**

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares applied for;
- Age of First Applicant not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of The Issue;
- Applications for number of Equity Shares which are not in multiples of 200;
- Category not ticked;
- Multiple Applications as defined in this Draft Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash;
- Signature of sole and/ or joint Applicant is missing;
- Application Forms does not have the stamp of the LM and/or CLM;
- Application Forms does not have Applicant's depository account details;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms,
- Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicant (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole/ joint Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicant, Non Institutional Applicant where the Application Amount is in excess of Rs. 1,00,000, uploaded after 5.00 pm on the Issue Closing Date;

### **Signing of Underwriting Agreement and RoC Filing**

The issue is not underwritten and therefore the Company has not signed any underwriting agreement

### **Filing of the Prospectus with the ROC**

The Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act

### **Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, the Company shall, after registering the Draft Prospectus with the ROC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one Marathi newspaper with wide circulation.

### **Advertisement regarding Issue Price and Prospectus**

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Draft Prospectus and the date of Prospectus will be included in such statutory advertisement.

### **Issuance of Confirmation of Allocation Note (“CAN”)**

1. Upon approval of the basis of Allotment by the Designated Stock Exchange, the LM, CLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Applicants who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Applicants may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Applicants. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date;
2. The LM, CLM or members of the Syndicate will then dispatch a CAN to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant to pay the entire Issue Price for all the Equity Shares allocated to such Applicant. Those Applicants who have not paid the entire Application Amount into the Escrow Account at the time of application shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN;
3. Applicants who have been allocated/allotted Equity Shares and who have already paid the Application Amount into the Escrow Account at the time of application shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant to pay the entire Issue Price for the Allotment to such Applicant.

### **Designated Date and Allotment of Equity Shares**

The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Applicant depository account. Allotment of the Equity Shares to the Applicants shall be within two working days of the date of Allotment

In accordance with the SEBI Regulations, Equity Shares will be issued, and Allotment shall be made only in the dematerialised form to the Applicants. Applicants will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue

## **PAYMENT OF REFUND**

Applicant must note that on the basis of name of the Applicant, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicant's bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicant's sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the LM and CLM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

### **Mode of making refunds**

The payment of refund, if any, would be done through various modes as given hereunder:

1. ECS (Electronic Clearing System) – Payment of refund would be done through ECS for Applicant having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Applicant having a bank account at any of such centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. Direct Credit – Applicant having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. RTGS (Real Time Gross Settlement) – Applicant having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 10.00 lacs, have the option to receive refund through RTGS. Such eligible Applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Applicant's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicant have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Applicant through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
5. For all other Applicant, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicant.

### **Letters of Allotment or Refund Orders**

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allocation. Applicant residing at 68 centres where clearing houses are managed



by the RBI and other banks, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS.

The Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Applicant’s sole risk within 15 days of the Issue Closing Date.

Applicant to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as Refund Banker and payable at par at places where applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicant.

#### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicant who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of Applicant who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Issue Closing Date. A suitable communication shall be sent to the Applicant receiving refunds through this mode within 15 days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at BSE where the Equity Shares are proposed to be listed are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the

Company further undertakes that:

- 1) Allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Issue Closing Date;
- 2) Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Issue Closing Date would be ensured; and
- 3) The Company shall pay interest at 15% p.a. for any delay beyond the 15 (fifteen)-days time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 15 (fifteen)-days time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter Numbers F/ 8/ S/ 79 dated July 31, 1983, as amended by their letter Numbers F/ 14/ SE/ 85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI’s Clarification XXI dated October 27, 1997, with respect to the SEBI Regulations.

#### **UNDERTAKINGS BY OUR COMPANY**

The Company undertakes the following:

1. That the complaints received in respect of this Issue shall be attended to by us expeditiously;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;
3. That funds required for making refunds to unsuccessful Applicant as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time; and
6. That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Prospectus are listed or until the Application monies are refunded on account of non-listing, under subscription etc.
7. The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

#### **Utilization of Issue Proceeds**

Our Board certifies that:

1. All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
2. Details of all monies utilised out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
3. Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;

The Board of Directors further certifies that:

- The utilisation of monies received under Promoter Contribution shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilised; and
- The details of all unutilised monies out of the funds received under Promoter Contribution and the shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutilised monies have been invested.

#### **WITHDRAWAL OF THE ISSUE**

Our Company, in consultation with the LM and CLM reserves the right not to proceed with the Issue at anytime, including after the Issue Closing Date but before the Board meeting for Allotment, without assigning any reason.

Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment.

In terms of the SEBI Regulations, QIB Applicant shall not be allowed to withdraw their Application after the Issue Closing Date.

#### **EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL**

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated September 17, 2009 between NSDL, the Company and the Registrar to the Issue;
- Agreement dated September 15, 2009 between CDSL, the Company and the Registrar to the Issue

All Applicants can seek allotment only in dematerialised mode. Applications from any Applicant without relevant details of his or her depository account are liable to be rejected.

An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.

The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.

Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.

Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

If incomplete or incorrect details are given under the heading 'Applicant Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.

The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis-à-vis those with his or her Depository Participant.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

## **COMMUNICATIONS**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicant Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100% under automatic route in our Company.

By way of Circular Numbers 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the regulations / guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in transactions exempt from the registration requirements of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulations under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicant. The Company and the LM'S are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicant are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

## SECTION IX - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Title of Article	Article Number and contents
Table "A" not to apply but company to be governed by these Articles	The regulations contained in Table "A" in the First Schedule of the Companies Act, 1956 shall not apply to this Company, but these Articles for the management of the Company and for the observance of the Members thereof and their representatives shall subject to any exercise of the statutory powers of the Company with reference to the repeal of, alteration of, or addition to, its regulations/Articles by Special Resolution, as prescribed by the Companies Act 1956 be such as are contained in these Articles.

### INTERPRETATION

Title of Article	Article Number and contents
Interpretation Clause	2. In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context:
The Act	(a) "The Act" means the Companies Act, 1956 and includes any statutory modification or re-enactment thereof for the time being in force.
These Articles	(b) "These Articles" means Articles of Association for the time being in force or as may be altered from time to time <i>vide</i> Special Resolution.
Auditors	(c) "Auditors" means and includes those persons appointed as such for the time being of the Company.
Board or Board of Directors	(d) "Board" or "Board of Directors" means the Board of Directors of the Company or the Directors of the Company collectively.
Capital	(e) "Capital" means the share capital for the time being raised or authorised to be raised for the purpose of the Company.
Chairman	(f) "The Chairman" means the Chairman of the Board of Directors, for the time being, of the Company
Charge	(g) "Charge" includes a mortgage.
Company	(h) The "Company" shall mean <b>GALLANTT ISPAT LIMITED</b>
Debenture	(i) "Debenture" includes debenture stock, bonds and any other securities of the Company, whether constituting a charge on the assets of the Company or not.
Directors	(j) "Directors" means the Board of Directors for the time being of the Company or as the case may be, the Directors assembled at a Board, or acting under a circular resolution under the Articles.
Dividend	(k) "Dividend" includes bonus unless otherwise stated.
Executor or Administrator	(l) "Executor" or "Administrator" means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorising the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under section 31 of the Administrator General Act, 1963.

Title of Article	Article Number and contents
Gender	(m) Words importing the masculine gender shall be deemed to include the feminine gender and <i>vice versa</i> .
In writing and written	(n) "In Writing" and "Written" includes printing lithography and other modes of representing or reproducing words in a visible form.
Legal Representative	(o) "Legal Representative" means a person who in law represents the estate of a deceased Member.
Marginal Notes	(p) The marginal notes hereto shall not affect the construction thereof.
Members	(q) "Members" means the duly registered holders, from time to time of the Shares of the Company and includes the subscribers to the Memorandum of the Company.
Meeting or General Meeting	(r) "Meeting" or "General Meeting" means meeting of the Members.
Annual General Meeting	(s) "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of section 166 of the Act
Extra-Ordinary General Meeting	(t) "Extra-Ordinary General Meeting" means an extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof
Memorandum	(u) "Memorandum" means the Memorandum of Association of the Company as originally framed and/or altered from time to time.
Month	(v) "Month" means a calendar month
National Company Law Tribunal	(w) "National Company Law Tribunal" means National Company Law Tribunal (Tribunal) as defined under section 10FB of the Companies Act, 1956.
Office	(x) "Office" means the registered office for the time being of the Company
Ordinary Resolution	(y) "Ordinary Resolution" shall have the meanings assigned to it by Section 189 of the Act
Paid Up	(z) "Paid-up" includes capital credited as paid up
Person	(aa) "Person" shall be deemed to include corporations and firms as well as individuals.
Proxy	(ab) "Proxy" means an instrument whereby any person is authorized to vote for a member at General Meeting or Poll and includes attorney duly constituted under the power of attorney.
Public Holiday	(ac) "Public Holiday" means public holiday within the meaning of the Negotiable Instruments Act, 1881 provided that no date declared by the Central Government to be a public holiday shall be deemed to be such a holiday in relation to any meeting unless the declaration was notified before the issue of the notice convening such meeting.
	(ad) "The Register of Members" means the Register of Members to be kept pursuant to Section 150 of the Act
	(ae) "The Registrar" means the Registrar of Companies of the State in which the Registered Office of the Company is for the time being situated.

<b>Title of Article</b>	<b>Article Number and contents</b>
The Register of Members	(af) "Seal" means the common seal for the time being of the Company.
The Registrar	(ag) "Secretary" means any individual possessing the prescribed qualifications under the Companies (Secretary's Qualification) Rules, 1975 appointed by the Board to perform the duties of a Secretary
Seal	(ah) "Shares" means share in the share capital of the Company and includes stock where a distinction between stocks and share is expressed or implied
Secretary	(ai) "Special Resolution" shall have the meanings assigned to it by Section 189 of the Act.
Shares	(aj) "The Statutes" means the Companies Act, 1956 and every other Act for the time being in force affecting the Company
Special Resolution	(ak) "Financial Year" shall have the meaning assigned thereto by Section 2(17) of the Act
The Statutes	(al) Words importing the Singular number include where the context admits or requires the plural number and <i>vice versa</i> .
Year	(am) "These presents" means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time.
Singular Number	(an) "Variation" shall include abrogation; and "vary" shall include abrogate.
These presents	(ao) Save as aforesaid any words and expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modifications thereof for the time being in force
Variation	
Expressions in the Act to bear the same meaning in Articles	

## **CAPITAL AND INCREASE AND REDUCTION OF CAPITAL**

<b>Title of Article</b>	<b>Article Number and contents</b>
Share Capital	3. The Authorised Share Capital of the Company shall be as in Clause V of the Memorandum of Association of the company as amended from time to time. The Company may from time to time by Ordinary Resolution increase its authorised share capital by such sum and to be divided into Shares of such amount as may be specified in the resolution.
Increase of capital by the Company how carried into effect	4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87

Title of Article	Article Number and contents
	and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act
New Capital same as existing capital	5. Except so far as otherwise provided by the conditions of issue or by These Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
Non Voting Shares	6. The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.
Redeemable Preference Shares	7. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
Voting rights of preference shares	8. The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.
Provisions to apply on issue of Redeemable Preference Shares	9. On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect: (a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption. (b) No such Shares shall be redeemed unless they are fully paid. (c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account, before the Shares are redeemed. (d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company. (e) Subject to the provisions of Section 80 of the Act. The redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.
Reduction of capital	10. The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce (a) the share capital (b) any capital redemption reserve account; or (c) any share premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.
Purchase of own	11. The Company shall have power, subject to and in accordance with all applicable



Title of Article	Article Number and contents
Shares	provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.
Sub-division consolidation and cancellation of Shares	12. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

## MODIFICATION OF RIGHTS

Title of Article	Article Number and contents
Modification of rights	13. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall <i>mutatis mutandis</i> apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted. The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking <i>pari passu</i> therewith.

## SHARES, CERTIFICATES AND DEMATERIALISATION

Title of Article	Article Number and contents
Restriction on allotment and return of allotment	14. The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.
Further issue of shares	15. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares whether out of unissued share capital or out of increased share capital then: (a) Such further Shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares at that date (b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer and the offer, if not accepted, will be deemed to have been declined. (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person, and the notice referred to in sub-clause (b) shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason, to allot any Shares to any person in whose favour

Title of Article	Article Number and contents
	<p>any Member may renounce the Shares offered to him.</p> <p>(d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given declines to accept the Shares offered, the Board of Directors may dispose them off in such manner and to such person(s) as they may think in their sole discretion fit.</p> <p>(2) Notwithstanding anything contained in sub-clause (1) hereof, the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.</p> <p>(a) If a Special Resolution to that effect is passed by the Company in the General Meeting; or</p> <p>(b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting, (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.</p> <p>(3) Nothing in sub-clause (c) of clause (1) hereof shall be deemed;</p> <p>(a) To extend the time within which the offer should be accepted; or</p> <p>(b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the persons in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.</p> <p>(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:</p> <p>(i) To convert such debentures or loans into Shares in the Company; or</p> <p>(ii) to subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise)</p> <p>PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:</p> <p>(a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans, or is in conformity with the rules, if any, made by that government in this behalf, and</p> <p>(b) in the case of debentures or loans other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the debentures or the raising of the loans.</p>
Shares under control of Directors	<p>16.</p> <p>Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.</p>

Title of Article	Article Number and contents
Power to offer Shares/options to acquire Shares	<p>16A</p> <p>(i) Without prejudice to the generality of the powers of the Board under Article 16 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.</p> <p>(ii) In addition to the powers of the Board under Article 16A(i), the Board may also allot the Shares referred to in Article 16A(i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 16A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.</p> <p>(iii) The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 16A(i) and (ii) above.</p>
Application of premium received on Shares	<p>17.</p> <p>(1) where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these Shares shall be transferred to an account, to be called "the share premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the share premium account were paid up share capital of the Company.</p> <p>(2) The share premium account may, notwithstanding anything in clause (1) thereof be applied by the Company:</p> <p>(a) In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;</p> <p>(b) In writing off the preliminary expenses of the Company;</p> <p>(c) In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company ; or</p> <p>(d) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.</p>
Power also to Company in General Meeting to issue Shares	<p>18.</p> <p>In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.</p>

Title of Article	Article Number and contents
Power of General Meeting to authorize Board to offer Shares/Options to employees	<p>18A</p> <p>Without prejudice to the generality of the powers of the General Meeting under Article 18 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose</p> <p>In addition to the powers contained in Article 18A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.</p>
Shares at a discount	<p>19.</p> <p>The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely:</p> <p>(a) The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board;</p> <p>(b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and</p> <p>(c) The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.</p>
Installments of Shares to be duly paid	<p>20.</p> <p>If by the conditions of any allotment of any Shares the whole or any part of the amount or issued price thereof shall, be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.</p>
The Board may issue Shares as fully paid-up	<p>21.</p> <p>Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.</p>
Acceptance of Shares	<p>22.</p> <p>Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.</p>
Deposit and call etc., to be debt payable	<p>23.</p> <p>The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the Applicant in the Register of</p>

Title of Article	Article Number and contents
	Members as the holder of such Shares, become a debt due to and recoverable by the Company from the Applicant thereof, and shall be paid by him accordingly.
Liability of Members	<p>24.</p> <p>Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.</p>
Dematerialisation of securities	<p>25.(A)</p> <p><b>Definitions</b></p> <p><b>Beneficial Owner</b> “Beneficial Owner” means a person whose name is recorded as such with a Depository.</p> <p><b>SEBI</b> “SEBI” means the Securities and Exchange Board of India.</p> <p><b>Bye-Laws</b> “Bye-Laws” mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996;</p> <p><b>Depositories Act</b> “Depositories Act” means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force;</p> <p><b>Depository</b> “Depository” means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;</p> <p><b>Record</b> “Record” includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;</p> <p><b>Regulations</b> “Regulations” mean the regulations made by SEBI;</p> <p><b>Security</b> “Security” means such security as may be specified by SEBI.</p>
Dematerialisation of securities	<p>25.(B)</p> <p>Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.</p>
Options to receive security certificates or hold securities with depository	<p>25.(C)</p> <p>Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository.</p> <p>Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.</p>
Securities in depositories to be in fungible form	<p>25.(D)</p> <p>All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.</p>
Rights of depositories and	<p>25.(E)</p> <p>(1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of</p>

<b>Title of Article</b>	<b>Article Number and contents</b>
beneficial owners	<p>effecting transfer of ownership of Security on behalf of the Beneficial Owner;</p> <p>(2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;</p> <p>(3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.</p>
Depository To Furnish Information	<p>25.(F)</p> <p>Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.</p>
Service documents	<p>25.(G)</p> <p>Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronics mode or by delivery of floppies or discs.</p>
Option to opt out in respect of any security	<p>25.(H)</p> <p>If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.</p>
Sections 83 and 108 of the Act not to apply	<p>25.(I)</p> <p>Notwithstanding anything to the contrary contained in the Articles,</p> <p>(1) Section 83 of the Act shall not apply to the Shares held with a Depository;</p> <p>(2) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.</p>
Share certificate	<p>26.</p> <p>(a) Every Member or Applicant of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name.</p> <p>(b) Any two or more joint Applicants or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them.</p>
Limitation of time for issue of certificates	<p>26A.</p> <p>Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve,</p>

Title of Article	Article Number and contents
	provided that in respect of a Share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holder.
Renewal of share certificates	<p>27.</p> <p>No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.</p> <p>PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized.</p>
New certificate to be granted on delivery of the old certificates	<p>28.</p> <p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act 1956 or any other Act, or rules applicable thereof in this behalf.</p> <p>The provision of this Article shall <i>mutatis mutandis</i> apply to Debentures of the Company.</p>
The first name joint holder deemed sole holder	<p>29.</p> <p>If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.</p>
Issue of Shares without Voting Rights	<p>30.</p> <p>In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.</p>
Buy-Back of Shares and Securities	<p>31.</p> <p>Notwithstanding anything contained in these articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back, such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, provision of section 77 and SEBI (Buy back of Shares) Resolution as may be permitted by law.</p>
Employees Stock Options Scheme/	<p>32.</p> <p>The Directors shall have the power to offer , issue and allot Equity Shares in or Debentures (Whether fully/ partly convertible or not into Equity Shares) of the</p>

Title of Article	Article Number and contents
Plan	Company with or without Equity Warrants to such of the Officers, Employees, Workers of the Company or of its Subsidiary and / or Associate Companies or Managing and Whole Time Directors of the Company (hereinafter in this Article collectively referred to as “the Employees”) as may be selected by them or by the trustees of such trust as may be set up for the benefit of the Employees in accordance with the terms and conditions of the Scheme, trust, plan or proposal that may be formulated , created, instituted or set up by the Board of Directors or the Committee thereof in that behalf on such terms and conditions as the Board may in its discretion deem fit.
Sweat Equity	33. Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.
Postal Ballot	34. The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.
Company not bound to recognize any interest in Shares other than of registered holder	35. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.
Trust recognised	36. (a) Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.  (b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.



<b>Title of Article</b>	<b>Article Number and contents</b>
Declaration by person not holding beneficial interest in any Shares	<p>37.</p> <p>(1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act</p> <p>2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act</p> <p>(3) Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act</p> <p>(4) Notwithstanding anything contained in the Act and Articles 35 and 36 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.</p>
Funds of Company not to be applied in purchase of Shares of the Company	<p>38.</p> <p>No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.</p>

#### **UNDERWRITING AND BROKERAGE**

<b>Title of Article</b>	<b>Article Number and contents</b>
Commission may be paid	<p>39.</p> <p>Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.</p>
Brokerage	<p>40.</p> <p>The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.</p>
Commission to be included in the annual return	<p>41.</p> <p>Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.</p>

#### **INTEREST OUT OF CAPITAL**

<b>Title of Article</b>	<b>Article Number and contents</b>
Interest out of capital	42. Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

## DEBENTURES

<b>Title of Article</b>	<b>Article Number and contents</b>
Debentures with voting rights not to be issued	43. (a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business. (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act. (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act. (d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act. (e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance. (f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred. (g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof. (h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.

## CALLS

<b>Title of Article</b>	<b>Article Number and contents</b>
Directors may make calls	44. (a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call. (b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

Title of Article	Article Number and contents
Notice of call when to be given	45. Not less than one month notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.
Call deemed to have been made	46. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members of such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.
Directors may extend time	47. The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extended such time to call or any of the Members, the Board of Directors may deem fairly entitled to such extension but no Member shall be entitled to such extension as of right except as a matter of grace and favour.
Amount payable at fixed time or by installments to be treated as calls	48. If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.
When interest on call or installment payable	49. If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or Applicant of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.
Evidence in action by Company against share holder	50. On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment in anticipation of calls may carry interest	51. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay

<b>Title of Article</b>	<b>Article Number and contents</b>
	<p>the amount so advanced.</p> <p>The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.</p> <p>The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.</p>

## **LIEN**

<b>Title of Article</b>	<b>Article Number and contents</b>
Partial payment not to preclude forfeiture	<p>52.</p> <p>Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.</p>
Company to have lien on Shares/ Debentures	<p>53.</p> <p>The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member whether solely or jointly with others and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interests in any Share/ Debenture shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; PROVIDED THAT the Board of Directors may, at any time, declare any Share/ Debenture to be wholly or in part exempt from the provisions of this Article. Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares.</p>
As to enforcing lien by sale	<p>54.</p> <p>The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:-</p> <p>(a) Unless a sum in respect of which the lien exists is presently payable; or</p> <p>(b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is /presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.</p> <p>For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members</p> <p>(c) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.</p>
Application of proceeds of sale	<p>55.</p> <p>(a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and</p> <p>(b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).</p>

## **FORFEITURE OF SHARES**

<b>Title of Article</b>	<b>Article Number and contents</b>
If money payable on	<p>56.</p> <p>If any Member fails to pay the whole or any part of any call or any installments of a call</p>

<b>Title of Article</b>	<b>Article Number and contents</b>
Shares not paid notice to be given	on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Sum payable on allotment to be deemed a call	57. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.
Form of notice	58. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.
In default of payment Shares to be forfeited	59. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
Notice of forfeiture to a Member	60. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
Forfeited Shares to be the property of the Company and may be sold etc.	61. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.
Member still liable for money owing at the time of forfeiture and interest	62. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.
Effects of forfeiture	63. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.
Power to annul forfeiture	64. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
Declaration of forfeiture	65 (a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company

Title of Article	Article Number and contents
	<p>has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.</p> <p>(b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.</p> <p>(c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.</p> <p>(d) Any such purchaser or Applicant shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.</p> <p>(e) Such purchaser or Applicant shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.</p>
Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum.	<p>66. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.</p>
Cancellation of shares certificates in respect of forfeited Shares	<p>67. Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.</p>
Evidence of forfeiture	<p>68. The declaration as mentioned in Article 65(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.</p>
Validity of sale	<p>69. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.</p>
Surrender of Shares	<p>70. The Directors may subject to the provisions of the Act, accept a surrender or any share from any Member desirous of surrendering on such terms and conditions as they think fit.</p>

## TRANSFER AND TRANSMISSION OF SHARES

Title of Article	Article Number and contents
No transfers to minors etc.	71. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
Form of transfer	72. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
Application for transfer	73. (a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee. (b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice (c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
Execution of transfer	74. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.
Transfer by legal representatives	75. A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.
Register of Members etc when closed	76. The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.
Directors may refuse to register transfer	77. Subject to the provisions of Section 111A these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.
Death of one or	78. In case of the death of any one or more of the persons named in the Register of Members as

<b>Title of Article</b>	<b>Article Number and contents</b>
more joint holders of Shares	the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.
Titles of Shares of deceased Member	79. The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.
Notice of application when to be given	80. Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.
Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)	81. Subject to the provisions of the Act and Article 78 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".
Refusal to register nominee	82. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.
Person entitled may receive dividend without being registered as a Member	83. A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.
No fees on transfer or transmissions	84. No fee shall be charged for registration of transfer, transmission Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar documents.
Transfer to be presented with evidence of title	85. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such



<b>Title of Article</b>	<b>Article Number and contents</b>
	conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.
Company not liable for disregard of a notice prohibiting registration of transfer	86. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

## SHARE WARRANTS

<b>Title of Article</b>	<b>Article Number and contents</b>
Power to issue share warrants	87. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
Deposit of share warrants	88. (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant (b) Not more than one person shall be recognized as depositor of the Share warrant (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor
Privileges and disabilities of the holders of share warrant	89. (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company. (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.
Issue of new share warrant coupons	90. The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

## CONVERSION OF SHARES INTO STOCK AND RECONVERSION

<b>Title of Article</b>	<b>Article Number and contents</b>
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<b>Title of Article</b>	<b>Article Number and contents</b>
Share may be converted into stock	91. The Company may, by Ordinary Resolution: (a) Convert any fully paid up Share into stock, and (b) reconvert any stock into fully paid-up Shares.
Transfer of stock	92. The several holders of such stock may transfer there respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit. PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.
Right of stock holders	93. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.
Regulation applicable to stock and share warrant	94. Such of the regulations of the Company as are applicable to the paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.

## **BORROWING POWERS**

<b>Title of Article</b>	<b>Article Number and contents</b>
Power to borrow	95. Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
The payment or repayment of moneys borrowed	96. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Bonds, Debentures, etc. to be subject to	97. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such

<b>Title of Article</b>	<b>Article Number and contents</b>
control of Directors	terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
Terms of issue of Debentures	98. Any debenture, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at General Meeting, appointment of Directors and otherwise; however, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution.
Mortgage of uncalled capital	99. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.

## MEETING OF MEMBERS

<b>Title of Article</b>	<b>Article Number and contents</b>
Statutory meeting	100. The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business.
Annual General Meeting	101. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. Then company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.
Report statement and registers to be laid before the Annual General Meeting	102. The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall

Title of Article	Article Number and contents
	remain open and accessible during the continuance of the Meeting.
Extra-Ordinary General Meeting	103. All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting.
Requisitionists' meeting	104. (1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:- (a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting. (b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting. (2) The number of Members necessary for a requisition under clause (1) hereof shall be (a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or (b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all. (3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter. (4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless: (a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company. (i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting. (ii) the case of any other requisition, not less than two weeks before the Meeting, and (b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto. PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof. (5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter. (6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.
Extra-Ordinary	105.

Title of Article	Article Number and contents
<p>General Meeting by Board and by requisition</p> <p>When a Director or any two Members may call an Extra Ordinary General Meeting</p>	<p>(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.</p> <p>(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.</p>
<p>Contents of requisition, and number of requisitionists required and the conduct of Meeting</p>	<p>106.</p> <p>(1) In case of requisition the following provisions shall have effect:</p> <p>(a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.</p> <p>(b) The requisition may consist of several documents in like form each signed by one or more requisitionists.</p> <p>(c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.</p> <p>(d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.</p> <p>(e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called:</p> <p>(i) By the requisitionists themselves ; or</p> <p>(ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (I) which ever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.</p> <p>(2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:</p> <p>(a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but</p> <p>(b) shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.</p> <p>(3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.</p> <p>(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.</p>

Title of Article	Article Number and contents
Length of notice of Meeting	<p>107.</p> <p>(1) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing.</p> <p>(2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto:</p> <p>(i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and</p> <p>(ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting.</p> <p>PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the later.</p>
Contents and manner of service of notice	<p>108</p> <p>(1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat.</p> <p>(2) Subject to the provisions of the Act notice of every General Meeting shall be given;</p> <p>(a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) Section 53 of the Act;</p> <p>(b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and</p> <p>(c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company</p> <p>PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.</p> <p>(3) Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.</p>
Special and ordinary business and explanatory statement	<p>109.</p> <p>(1)(a) In the case of an Annual General Meeting all business to be transacted at the Meeting shall be deemed special, with the exception of business relating to</p> <p>(i) the consideration of the accounts, balance sheet the reports of the Board of Directors and Auditors;</p> <p>(ii) the declaration of dividend;</p> <p>(iii) the appointment of Directors in the place, of those retiring; and</p> <p>(iv) the appointment of, and the fixing of the remuneration of the Auditors, and</p> <p>(b) In the case of any other meeting, all business shall be deemed special</p> <p>(2) Where any items of business to be transacted at the Meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item, of business, including in particular the nature of the concern or interest, if any, therein of every Director.</p> <p>PROVIDED THAT, where any such item of special business at the Meeting of the Company relates to or affects, any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent</p>

<b>Title of Article</b>	<b>Article Number and contents</b>
	of such shareholding interest is not less than twenty percent of the paid up-share capital of the other company. (3) Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.
Omission to give notice not to invalidate proceedings	110. The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.

## MEETING OF MEMBERS

<b>Title of Article</b>	<b>Article Number and contents</b>
Notice of business to be given	111. No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.
Quorum	112. Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite is present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act.
If quorum not present when Meeting to be dissolved and when to be adjourned	113. If within half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if called by or upon the requisition of the Members shall stand dissolved and in any other case the Meeting shall stand, adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjournment meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum and may transact the business for which the Meeting was called.
Resolution passed at adjourned Meeting	114. Where a resolution is passed at an adjourned Meeting of the Company, the resolution for all purposes is treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
Chairman of General Meeting.	115. At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.
Act for resolution sufficiently done or passed by Ordinary Resolution unless otherwise required.	115(A) Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently done so or passed if effected by an Ordinary Resolution unless either the Act or the Articles specifically require such act to be done or resolution be passed by a Special Resolution.
Business confined	116.

<b>Title of Article</b>	<b>Article Number and contents</b>
to election of Chairman whilst the Chair is vacant	No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.
Chairman may adjourn Meeting	117. (a) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place. (b) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place. (c) When a Meeting is adjourned for thirty days or more notice of the adjourned Meeting shall be given as in the case of an original Meeting. (d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned Meeting.
How questions are decided at Meetings	118. Every question submitted to a General Meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.
Chairman's declaration of result of voting on show of hands	119. A declaration by the Chairman of the Meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company's General Meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.
Demand of poll	120. Before or on the declaration of the result of the voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding Shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
Time of taking poll	121. A poll demanded on a question of adjournment or election of a Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the Meeting may direct and the result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken.
Chairman's casting vote	122. In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.
Appointment of scrutineers	123. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.
Demand for poll not to prevent transaction of other business	124. The demand for a poll shall not prevent transaction of other business (except on the question of the election of the Chairman and of an adjournment) other than the question on which the poll has been demanded.



<b>Title of Article</b>	<b>Article Number and contents</b>
Special notice	<p>125.</p> <p>Where by any provision contained in the Act or in these Articles, special notice is required for any resolution notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved, exclusive of the day which the notice is served or deemed to be served on the day of the Meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its Members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.</p>

#### **VOTES OF MEMBERS**

<b>Title of Article</b>	<b>Article Number and contents</b>
Member paying money in advance not to be entitled to vote in respect thereof	<p>126.</p> <p>A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.</p>
Restriction on exercise of voting rights of Members who have not paid calls	<p>127.</p> <p>No Member shall exercise any voting rights in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.</p>
Number of votes to which Member entitled	<p>128.</p> <p>Subject to the provisions of Article 126, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceding the date on which the vote is taken.</p>
Votes of Members of unsound mind	<p>129.</p> <p>A Member of unsound mind, or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.</p>
Votes of joint Members	<p>130.</p> <p>If there be joint registered holders of any Shares, one of such persons may vote at any Meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be present at any Meeting either personally or by agent or by proxy, that one of the said persons so present whose name appears higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other holder(s) shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register of Members in respect of such Shares. Several</p>

Title of Article	Article Number and contents
	executors or administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint holders thereof.
Representation of body corporate	<p>131.</p> <p>(a) A body corporate (whether a company within the meaning of the Act or not) may, if it is a Member or creditor of the Company (including a holder of Debentures) authorise such person as it thinks fit by a resolution of its Board of Directors or other governing body, to act as its representative at any Meeting of the Company or any class of shareholders of the Company or at any meeting of the creditors of the Company or Debenture-holders of the Company. A person authorised by resolutions aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member, shareholder, creditor or holder of Debentures of the Company. The production of a copy of the resolution referred to above certified by a Director or the Secretary of such body corporate before the commencement of the Meeting shall be accepted by the Company as sufficient evidence of the validity of the said representatives' appointment and his right to vote thereat.</p> <p>(b) Where the President of India or the Governor of a State is a Member of the Company, the President or as the case may be the Governor may appoint such person as he thinks fit to act as his representative at any Meeting of the Company or at any meeting of any class of shareholders of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a Member of the Company.</p>
Votes in respects of deceased or insolvent Members	<p>132.</p> <p>Any person entitled under the Transmission Article to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares; provided that at least forty-eight hours before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the right to transfer such Shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.</p>
Voting in person or by proxy	<p>133.</p> <p>Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.</p>
Rights of Members to use votes differently	<p>134.</p> <p>On a poll taken at a Meeting of the Company a Member entitled to more than one vote or his proxy, or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses</p>
Proxies	<p>135.</p> <p>Any Member of the Company entitled to attend and vote at a Meeting of the Company, shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right what so ever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself, and that a proxy need not be a Member of the Company.</p>
Proxy either for specified meeting or for a period	<p>136.</p> <p>An instrument of proxy may appoint a proxy either for the purposes of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.</p>
No proxy to vote on a	<p>137.</p> <p>No proxy shall be entitled to vote by a show of hands.</p>

<b>Title of Article</b>	<b>Article Number and contents</b>
show of hands	
Instrument of proxy when to be deposited	138. The instrument appointing a proxy and the Power of Attorney or authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the Registered Office of the Company at least forty-eight hours before the time for holding the Meeting at which the person named in the instrument purposes to vote and in default the instrument of proxy shall not be treated as valid.
Form of Proxy	139. Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act, and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by any officer or attorney duly authorised by it.
Validity of votes given by proxy notwithstanding revocation of authority	140. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the Meeting or adjourned Meeting at which the proxy is used provided nevertheless that the Chairman of any Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.
Time for objection to vote	141. No objection shall be made to the qualification of any voter or to the validity of a vote except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting, shall be valid for all proposes and such objection made in due time shall be referred to the Chairman of the Meeting.
Chairman of any Meeting to be the judge of Validity of any value	142. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.
Custody of Instrument	143. If any such instrument of appointment is confined to the object of appointing an attorney or proxy for voting at Meetings of the Company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If such instrument embraces other objects, a copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

## **DIRECTORS**

<b>Title of Article</b>	<b>Article Number and contents</b>
Number of Directors	144. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.
First Directors	145. The persons hereinafter named shall be the first Directors of the Company:- Mr. Ashutosh Agrawal Mr. Prem Prakash Agrawal Ms. Madhu Agrawal
	146.

Title of Article	Article Number and contents
Debenture Directors	<p>Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.</p>
Nominee Director or Corporation Director	<p>147.</p> <p>a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to Industrial Finance Corporation of India (IFCI), ICICI Ltd.(ICICI), The Industrial Development Bank of India (IDBI) or any other financing company or body out of any loans granted or to be granted by them to the Company or so long as IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body (each of which IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body is hereinafter in this Article referred to as "The Corporation" ) continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places.</p> <p>b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.</p> <p>c) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall <i>ipso facto</i> vacate such office immediately on the moneys owing by the Company to the Corporation being paid off</p> <p>d) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.</p> <p>e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation..</p> <p>Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a</p>

Title of Article	Article Number and contents
	whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.
Limit on number of retaining Directors	148. The provisions of Articles 146, 147 and 148 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 147 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.
Alternate Director	149. The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director.
Directors may fill in vacancies	150. The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.
Additional Directors	151. The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board ("Additional Director") so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.
Qualification shares	152. A Director need not hold any qualification shares.
Directors' sitting fees	153. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.
Extra remuneration to Directors for special work	154. Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any Committee formed by the Directors or in relation to signing share certificate) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director, and such remuneration may be either in addition to or in substitution for his share in the remuneration herein provided.  Subject to the provisions of the Act, a Director who is neither in the whole time employment

Title of Article	Article Number and contents
	<p>nor a Managing Director may be paid remuneration either:</p> <p>i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or</p> <p>ii) by way of commission if the Company by a Special Resolution authorised such payment.</p>
Traveling expenses incurred by Directors on Company's business	<p>155.</p> <p>The Board of Directors may subject to the limitations provided by the Act allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence, for the purpose of attending a Meeting such sum as the Board may consider fair compensation for traveling, hotel, and other incidental expenses properly incurred by him in addition to his fees for attending such Meeting as above specified.</p>
Director may act notwithstanding vacancy	<p>156.</p> <p>The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the Director or Directors may act for the purpose of increasing the number, of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.</p>
Board resolution necessary for certain contracts	<p>157.</p> <p>(1) Subject to the provisions of Section 297 of the Act, except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is partner, any other partner in such a firm or a private company of which the Director is a member or director, shall not enter into any contract with the Company.</p> <p>(a) For the sale, purchase or supply of goods, materials or services; or</p> <p>b) for underwriting the subscription of any Share in or debentures of the Company;</p> <p>(c) nothing contained in clause (a) of sub-clause (1) shall affect:-</p> <p>(i) the purchase of goods and materials from the Company, or the sale of goods and materials to the Company by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or</p> <p>(ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company, or the Director, relative, firm, partner or private company, as the case may be regularly trades or does business, PROVIDED THAT such contract or contracts do not relate to goods and materials the value of which, or services the cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts;</p> <p>(2) Notwithstanding any contained in sub-clause(1) hereof, a Director, relative, firm partner or private company as aforesaid may, in circumstances of urgent necessity, enter without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds rupees five thousand in the aggregate in any year comprised in the period of the contract; but in such a case the consent of the Board shall be obtained at a Meeting within three months of the date on which the contract was entered into.</p> <p>(3) Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board required under clause (1) and the same shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the data on which was entered into.</p> <p>(4) If consent is not accorded to any contract under this Article, anything done in pursuance of the contract will be voidable at the option of the Board.</p>

Title of Article	Article Number and contents
	(5) The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.
Disclosure to the Members of Directors' interest in contract appointing Managers, Managing Director or Wholetime Director	<p>158.</p> <p>When the Company:-</p> <p>(a) enters into a contract for the appointment of a Managing Director or Wholetime Director in which contract any Director of the Company is whether directly or indirectly, concerned or interested; or</p> <p>(b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Act shall be complied with.</p>
Directors of interest  General notice of disclosure	<p>159.</p> <p>(a) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act.</p> <p>(b) A general notice, given to the Board by the Director to the effect that he is a director or is a member of a specified body corporate or is a member of a specified firm under Sections 299(3)(a) shall expire at the end of the financial year in which it shall be given but may be renewed for a further period of one financial year at a time by fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that is brought up and read at the first meeting of the Board after it is given.</p>
Directors and Managing Director may contract with Company	<p>160.</p> <p>Subject to the provisions of the Act the Directors (including a Managing Director and Whole time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contracts or arrangement entered into by or on behalf of the Company with any Director or with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.</p>
Disqualification of the Director	<p>161.</p> <p>(1) A person shall not be capable of being appointed Director of the Company if:-</p> <p>(a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;</p> <p>(b) he is an undischarged insolvent;</p> <p>(c) he has applied to be adjudged an insolvent and his application is pending;</p> <p>(d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;</p> <p>(e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or</p> <p>(f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.</p>
Vacation of office	<p>162.</p> <p>(2) The office of Director shall become vacant if:-</p>

Title of Article	Article Number and contents
by Directors	<p>(a) he is found to be of unsound mind by a Court of competent jurisdiction; or</p> <p>(b) he applies to be adjudged an insolvent; or</p> <p>(c) he is adjudged an insolvent; or</p> <p>(d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than six months; or</p> <p>(e) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or</p> <p>(f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or</p> <p>(g) he (whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director), accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or</p> <p>(h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or</p> <p>(i) he becomes disqualified by an order of the Court under Section 203 of the Act; or</p> <p>(j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of notice; or</p> <p>(k) if by notice in writing to the Company, he resigns his office, or</p> <p>(l) having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.</p>
Vacation of office by Directors (contd.)	<p>163.</p> <p>(3) Notwithstanding anything contained in sub-clauses (c), (d) and (i) of sub clause (2) hereof, the disqualification referred to in these clauses shall not take effect:</p> <p>(a) for thirty days from the date of the adjudication, sentence or order;</p> <p>(b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or</p> <p>(c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.</p>
Removal of Directors	<p>164.</p> <p>(a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.</p> <p>(b) Special Notice as provided by these Articles or Section 190 of the Act, shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed.</p> <p>(c) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting.</p> <p>(d) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so:</p>



Title of Article	Article Number and contents
	<p>(i) in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and</p> <p>(ii) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent (before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late\ or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter.</p> <p>(e) A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 153 or Section 262 of the Act be filled by the appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under sub clause (3) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.</p> <p>(f) If the vacancy is not filled under sub-clause(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 153 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly</p> <p>(g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.</p> <p>(h) Nothing contained in this Article shall be taken:-</p> <p>(i) as depriving a person removed hereunder of any compensation of damages payable to him in respect of the termination of his appointment as Director, or</p> <p>(ii) as derogating from any power to remove a Director which may exist apart from this Article.</p>
Interested Directors not to participate or vote in Board's proceedings	<p>165.</p> <p>No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:-</p> <p>(a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;</p> <p>(b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;</p> <p>(i) in his being:</p> <p>(a) a director of such company; and</p> <p>(b) the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or</p> <p>(ii) in his being a member holding not more than two percent of its paid-up share capital.</p>
Director may be director of companies promoted by the	<p>166.</p> <p>A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.</p>

<b>Title of Article</b>	<b>Article Number and contents</b>
Company	
Appointment of Sole Selling Agents	<p>167</p> <p>a) The appointment, re-appointment and extension of the term of a sole selling agent, shall be regulated in accordance with the provisions of Section 294 of the Act and any Rules or Notifications issued by the competent authority in accordance with that Section and the Directors and/or the Company in General Meeting may make the appointment, re-appointment or extension of the term of office in accordance with and subject to the provisions of the said Section and such rules or notifications, if any, as may be applicable.</p> <p>b) The payment of any compensation to a sole selling agent shall be subject to the provisions of Section 294A of the Act.</p>

## **ROTATION AND APPOINTMENT OF DIRECTORS**

<b>Title of Article</b>	<b>Article Number and contents</b>
Rotation of Directors	<p>168.</p> <p>Not less than two third of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting.</p>
Retirement of Directors	<p>169.</p> <p>Subject to the provisions of Articles 148 and 150, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate.</p>
Retiring Directors	<p>170.</p> <p>Subject to the provisions of Section 256 of the Act and Articles 146 to 153, at every Annual General Meeting of the Company, one-third or such of the Directors for the time being as are liable to retire by rotation; or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors if any, subject to Article 184, shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.</p>
Appointment of Technical or Executive Directors	<p>171</p> <p>a) The Board of Directors shall have the right from time to time to appoint any person or persons as Technical Director or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director or Executive Director shall not be required to hold any qualification shares.</p> <p>b) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.</p>
Ascertainment of Directors retiring by rotation and filling of vacancies	<p>172.</p> <p>Subject to Section 288 (5) of the Act, the Directors retiring by rotation under Article 174 at every Annual General Meeting shall be those, who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by the lot.</p>
Eligibility for re-election	<p>173.</p> <p>A retiring Director shall be eligible for re-election and shall act as a Director through out and till the conclusion of the Meeting at which he retires.</p>
Company to fill vacancies	<p>174.</p> <p>Subject to Sections 258, 259 and 294 of the Act, the Company at the General Meeting, at which a Director retires in manner aforesaid, may fill up the vacancy by appointing the retiring Director or some other person thereto.</p>

Title of Article	Article Number and contents
Provision in default of appointment	<p>175.</p> <p>(a) If the place of retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.</p> <p>(b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and the Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless:</p> <p>(i) at that Meeting or the previous Meeting a resolution for the re-appointment of such Director has been put to the Meeting and lost.</p> <p>(ii) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed.</p> <p>(iii) he is not qualified or is disqualified for appointment</p> <p>(iv) a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or</p> <p>(v) the provision of the sub-section (2) of section 263 of the Act is applicable to the case.</p>
Company may increase or reduce the number of Directors or remove any Director	<p>176.</p> <p>Subject to the provisions of Section 252,255 and 259 of the Act, the Company may by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter qualifications.</p>
Appointment of Directors to be voted individually	<p>177.</p> <p>(a) No motion, at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the Meeting without any vote being given against it.</p> <p>(b) A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved has passed no provisions or the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply.</p> <p>(c) For the purposes of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.</p>
Notice of candidature for office of Directors except in certain cases	<p>178.</p> <p>(1) No person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless he or some other Member intending to propose him has given at least fourteen days notice in writing under his hand signifying his candidature for the office of a Director or the intention of such person to propose him as Director for that office as the case may be, along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such Member, if the person succeeds in getting elected as a Director.</p> <p>(2) The Company shall inform its Members of the candidature of the person for the office of Director or the intention, of a Member to propose such person as candidate for that office by serving individual notices on the Members not less than seven days before the Meeting provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid if the Company advertises such candidature or intention not less than seven days before the Meeting in at least two newspapers circulating in the place where the registered office of the Company is located of which one is published in the English language and the other in the regional language of that place.</p> <p>(3) Every person (other than Director retiring by rotation or otherwise or person who has left at the office of the Company a notice under Section 257 of</p>

<b>Title of Article</b>	<b>Article Number and contents</b>
	<p>the Act signifying his candidature for the office of a Director) proposed as a candidate for the office a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed.</p> <p>(4) A person other than:-</p> <p>(a) a Director appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director or a person filling a casual vacancy in the office of a Director under Section 252 of the Act ,appointed as a Director re- appointed as an additional or alternate Director immediately on the expiry of his term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filled with the Registrar his consent in writing to act as such Director.</p>
Disclosure by Directors of their holdings of their Shares and debentures of the Company	<p>179.</p> <p>Every Director and every person deemed to be Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section. Any such notice shall be given in writing and if it is not given at a meeting of the Board the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the next meeting of the Board after it is given.</p>
Votes of Body Corporate	<p>180.</p> <p>A body corporate, whether a company within the meaning of the Act or not, which is a member of the Company, may by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of members of the company and the persons so authorized shall be entitled to exercise the same rights and poser (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise as if it were as individual member of the company and the production of a copy of the Minutes of such resolution certified by a director or the copy of the Minutes of such resolution certified by a Director or the or the Secretary of such body corporate as being a true copy of the Minutes of such resolution shall be accepted as sufficient evidence of the validity of the said representative's appointment and of his right to vote.</p>

## MANAGING DIRECTOR

<b>Title of Article</b>	<b>Article Number and contents</b>
Powers to appoint Managing Director	<p>181.</p> <p>Subject to the provisions of Section 267, 268, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of the Company, for a fixed term not exceeding five years as to the period for which he is or they are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.</p> <p>(a) The Managing Director shall perform such functions and exercise such powers as are delegated to him by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 1956.</p> <p>(b) Subject to the provisions of Sections 255 of the Act, the Managing Director shall not be while he continues to hold that office, subject to retirement by rotation.</p>
Remuneration of Managing Director	<p>182.</p> <p>Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company.</p>
Special position of Managing	<p>183.</p> <p>Subject to any contract between him and the Company, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as</p>

<b>Title of Article</b>	<b>Article Number and contents</b>
Director	a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the same provisions as to resignation and removal as the Directors of the Company and shall, <i>ipso facto</i> and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.
Powers of Managing Director	184. The Director may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.
	185. The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors of the Company and may exercise all the powers referred to in these Articles.
	186. Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company.
	187. The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.
	188. Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.
Appointment and powers of Manager	188A The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.

## WHOLE TIME DIRECTOR

<b>Title of Article</b>	<b>Article Number and contents</b>
Power to appoint Whole Time Director and/or Whole-time Directors	189. Subject to the provisions of the Act and of these Articles, the Board may from time to time with such sanction of the Central Government as may be required by law appoint one or more of its Director/s or other person/s as Whole-Time Director or Whole-Time Directors of the Company either for a fixed term that the Board may determine or permanently for life time upon such terms and conditions as the Board may determine or permanently for life time upon such terms

and conditions as the Board thinks fit. The Board may by ordinary resolution and / or an agreement/s vest in such Whole-Time Director or Whole Time Directors such of the powers authorities and functions hereby vested in the Board generally as it thinks fit and such powers may be made exercisable and for such period of periods and upon such conditions and subject to such restrictions as it may be determined or specified by the Board and the Board has the powers to revoke, withdraw, alter or vary all or any of such powers and / or remove or dismiss him or them and appoint another or others in his or their place or places again out of the Directors / persons nominated under Article 192 only. The Whole Time Director or Whole Time Directors will be entitled for remuneration as may be fixed and determined by the Board from time to time either by way of ordinary resolution or a Court act/s or an agreement/s under such terms not expressly prohibited by the Act.

To what provisions Whole time Directors shall subject Subject to the provisions of Section 255 of the Act and these Articles, a Whole Time Director or Whole Time Director shall/shall not, while he/they continue to hold that office, be liable to retirement by rotation subject to the provisions of any contract between him/they and the Company but he/ they shall be subject to the same provision as to resignation and removal as the other Directors, and he/they shall ipso facto and immediately ceases or otherwise under the sees to hold the office of Director/s for any reason whatsoever save that if he/they shall vacate office whether by retirement, by rotation or otherwise under the provisions of the Act any Annual General Meeting and shall be re-appointed as a Director of Directors at the same meeting he/they shall not by reason only of such vacation, cease to be a Whole Time Director or Whole Time Directors.

## PROCEEDINGS OF THE BOARD OF DIRECTORS

Title of Article	Article Number and contents
Meeting of Directors	<p>191.</p> <p>The Directors may meet together as a Board for the dispatch of business from time to time, and unless the Central Government by virtue of the provisions of Section 285 of the Act allow otherwise, Directors shall so meet at least once in every three months and atleast four such Meetings shall be held in every year. The Directors may adjourn and otherwise regulate their Meetings as they think fit. The provisions of this Article shall not be deemed to have been contravened merely by reason of the fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of a quorum.</p>
Quorum	<p>192.</p> <p>Subject to Section 287 of the Act the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in that one third being rounded off as one) or two Directors whichever is higher. PROVIDED that where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the Total Strength, the number of the remaining Directors that is to say, the number of remaining who are not interested) present at the Meeting being not less than two shall be the quorum during such time.</p> <p>(b)for the purpose of clause(a)</p> <p>(i) "Total Strength" means total strength of the Board of Directors of the Company determined in pursuance of the Act after deducting there from number of the Directors if any, whose places may be vacant at the time, and</p> <p>(ii) "Interested Directors" means any Directors whose presence cannot by reason of any provisions in the Act count for the purpose of forming a quorum at a meeting of the Board at the time of the discussion or vote on any matter.</p>
Procedure when Meeting adjourned for	<p>193.</p> <p>If a meeting of the Board could not be held for want of quorum then, the Meeting shall automatically stand, adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the</p>

<b>Title of Article</b>	<b>Article Number and contents</b>
want of quorum	next succeeding day which is not a public holiday at the same time and place, unless otherwise adjourned to a specific date, time and place.
Chairman of Meeting	194. The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors, provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, meeting of the Director shall choose one of their members to be Chairman of such Meeting.
Question at Board meeting how decided	195. Subject to the provisions of Section 316, 372(5) and 386 of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of any equality of votes, the Chairman shall have a second or casting vote.
Powers of Board meeting	196. A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act, or the Articles for the time being of the Company which are vested in or exercisable by the Board of Directors generally.
Directors may appoint Committee	197. The Board of Directors may subject to the provisions of Section 292 and other relevant provisions of the Act, and of these Articles delegate any of the powers other than the powers to make calls and to issue debentures to such Committee or Committees and may from time to time revoke and discharge any such Committee of the Board, either wholly or in part and either as to the persons or purposes, but every Committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation(s) that may from time to time be imposed on it by the Board of Directors. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointments, but not otherwise, shall have the like force and effect, as if done by the Board.
Meeting of the Committee how to be governed	198. The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding article. Quorum for the Committee meetings shall be two.
Circular resolution	199. (a) A resolution passed by circulation without a meeting of the Board or a Committee of the Board appointed under Article 201 shall subject to the provisions of sub-clause (b) hereof and the Act, be as valid and effectual as the resolution duly passed at a meeting of Directors or of a Committee duly called and held. (b) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation if the resolution has been circulated in draft together with necessary papers if any to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual addresses in India or to such other addresses outside India specified by any such Directors or members of the Committee and has been approved by such of the Directors or members of the Committee, as are then in India, or by a majority of such of them as are entitled to vote on the resolution.
Acts of Board or Committee valid notwithstanding defect in	200. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered; that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid; or that they or any of them were disqualified or had vacated office or that the

<b>Title of Article</b>	<b>Article Number and contents</b>
appointment	appointment of any of them is deemed to be terminated by virtue of any provision contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director; provided nothing in the Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

## **POWERS OF THE BOARD**

<b>Title of Article</b>	<b>Article Number and contents</b>
General powers of management vested in the Board of Directors	<p>201.</p> <p>The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.</p> <p>Provided that the Board shall not, except with the consent of the Company in General Meeting :-</p> <p>(a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;</p> <p>(b) remit, or give time for the repayment of, any debt due by a Director,</p> <p>(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;</p> <p>(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;</p> <p>(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body;</p> <p>(i) Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e)</p> <p>(ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.</p>
	202.



Title of Article	Article Number and contents
Certain powers to be exercised by the Board only at Meetings	<p>(1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;</p> <p>(a) the power to make calls, on shareholders in respect of money unpaid on their Shares,</p> <p>(b) the power to issue Debentures,</p> <p>(c) the power to borrow moneys otherwise than on Debentures,</p> <p>(d) the power to invest the funds of the Company, and</p> <p>(e) the power to make loans</p> <p>Provided that the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below:</p> <p>(2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate.</p> <p>(3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate.</p> <p>(4) Every resolution delegating the power referred to in sub-clause (1) (e) above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.</p>
Certain powers of the Board	<p>203.</p> <p>Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:</p> <p>1. To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.</p> <p>2. To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.</p> <p>3. Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.</p> <p>4. At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.</p> <p>5. To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.</p> <p>6. To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed.</p> <p>7. To appoint any person to accept and hold in trust for the Company any property</p>

Title of Article	Article Number and contents
	<p>belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.</p> <p>8. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.</p> <p>9. To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.</p> <p>10. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.</p> <p>11. Subject to the provisions of Sections 291, 292, 295, 370, 372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.</p> <p>12. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.</p> <p>13. To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.</p> <p>14. To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.</p> <p>15. To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.</p> <p>16. Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for</p>

Title of Article	Article Number and contents
	<p>such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.</p> <p>17. To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause.</p> <p>18. To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.</p> <p>19. From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.</p> <p>20. Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation.</p> <p>21. At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to</p>

Title of Article	Article Number and contents
	<p>such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.</p> <p>22. Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.</p> <p>23. From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.</p> <p>24. To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.</p> <p>25. To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.</p> <p>26. To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported-by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.</p> <p>27. To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.</p> <p>28. To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.</p> <p>29. From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.</p> <p>30. To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.</p> <p>31. To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.</p>

Title of Article	Article Number and contents
	<p>32. To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.</p> <p>33. Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.</p> <p>34. To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.</p>

## MANAGEMENT

Title of Article	Article Number and contents
Prohibition of simultaneous appointment of different categories of managerial personnel	<p>204.</p> <p>The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely :-</p> <p>a) Managing Director and</p> <p>b) Manager.</p>

## MINUTES

Title of Article	Article Number and contents
Minutes to be made	<p>205.</p> <p>(1) The Company shall cause minutes of all proceedings of General Meeting and of all proceedings of every meeting of the Board of Directors or every Committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.</p> <p>(2) Each page of every such books shall be initialed or signed and the last page of the record of proceedings of each Meeting in such books shall be dated and signed:</p> <p>(a) in the case of minutes of proceedings of a meeting of Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.</p> <p>(b) in the case of minutes of proceeding of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.</p>
Minutes to be evidence of the proceeds	<p>206.</p> <p>(a) The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or every Committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.</p> <p>(b) The books containing the aforesaid minutes shall be kept at the Registered Office of the Company and be open to the inspection of any Member without charge as provided in Section 196 of the Act and any Member shall be furnished with a copy of any minutes in accordance with the terms of that Section.</p>
Books of minutes of General Meeting to be kept	
Presumptions	<p>207.</p> <p>Where the minutes of the proceedings of any General Meeting of the Company or of any</p>

Title of Article	Article Number and contents
	meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act, until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.

## THE SECRETARY

Title of Article	Article Number and contents
Secretary	<p>208.</p> <p>The Directors may from time to time appoint, and at their discretion, remove any individual, (hereinafter called “the Secretary”) to perform any functions, which by the Act are to be performed by the Secretary, and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company. The appointment of Secretary shall be made according to the provisions of the Companies (Secretary’s Qualification) Rules 1975.</p>
The Seal, its custody and use	<p>209.</p> <p><b>(a) Seal</b></p> <p>The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.</p> <p><b>(b) Common Seal for use outside India</b></p> <p>The Board may for the purpose of use of the Common Seal outside India, cause a facsimile of the Common Seal to be made and authorize the use of it in the manner provided under Section 50 of the Companies Act, 1956</p> <p><b>(c) Safe Custody of Seal</b></p> <p>The Common Seal shall be in the safe custody of the Director or the Secretary for the time being of the Company.</p> <p><b>(d) Affixing of Seal on deeds and instruments’</b></p> <p>On every deed or instrument on which the Common Seal of the Company is required to be affixed, the Seal be affixed in the presence of a Director or a Secretary or any other person or persons Authorised in this behalf by the Board, who shall sign every such deed or instrument to which the Seal shall be affixed.</p> <p><b>(e) Affixing of Seal on Share Certificates</b></p> <p>Notwithstanding anything contained in Clause (d) above, the Seal on Share Certificates shall be affixed in the presence of such persons as are Authorised from time to time to sign the Share Certificates in accordance with the provisions of the Companies (Issue of Share Certificates) Rules in force for the time being.</p> <p><b>(f) Removal of Common Seal outside the office premises</b></p> <p>The Board may authorize any person or persons to carry the Common Seal to any place outside the Registered Office inside or outside for affixture and for return to safe custody to the Registered Office.</p>

## DIVIDENDS AND CAPITALISATION OF RESERVES

Title of Article	Article Number and contents
Division of profits	<p>210.</p> <p>(a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares.</p> <p>(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.</p>
The Company at General Meeting may declare dividend	<p>211.</p> <p>The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.</p>
Dividends out of profits only	<p>212.</p> <p>No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.</p>
Interim dividend	<p>213.</p> <p>The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.</p>
Debts may be deducted	<p>214.</p> <p>(a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.</p> <p>(b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.</p>
Capital paid-up in advance as interest not to earn dividend	<p>215.</p> <p>Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.</p>
Dividends in proportion to amounts paid-up	<p>216.</p> <p>All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.</p>
No Member to receive dividend while indebted to the Company and the Company's right in respect thereof	<p>217.</p> <p>No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.</p>
Effect of transfer	<p>218.</p> <p>A transfer of Shares shall not pass the right to any dividend declared therein before the</p>

<b>Title of Article</b>	<b>Article Number and contents</b>
of Shares	registration of the transfer.
Dividend to joint holders	219. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
Dividend how remitted	220. The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
Notice of dividend	221. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.
Reserves	222. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.
Dividend to be paid within time required by law.	223. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:-  (a) where the dividend could not be paid by reason of the operation on any law; or  (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or  (c) where there is dispute regarding the right to receive the dividend; or  (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or  (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
Unclaimed dividend	224. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account".  Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund



Title of Article	Article Number and contents
	<p>established under section 205C of the Act.</p> <p>No unclaimed or unpaid dividend shall be forfeited by the Board.</p>
Set-off of calls against dividends	<p>225.</p> <p>Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.</p>
Dividends in cash	<p>226.</p> <p>No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.</p>
Capitalisation	<p>227.</p> <p>(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <p>(a) That is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and</p> <p><b>(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.</b></p> <p>(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;</p> <p>(a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or</p> <p>(b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or</p> <p>(c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause (b)</p> <p>(3) A share premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.</p>
Board to give effect	<p>228.</p> <p>The Board shall give effect to the resolution passed by the Company in pursuance of above Article.</p>
Fractional certificates	<p>229.</p> <p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall;</p> <p style="padding-left: 40px;">make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and</p> <p style="padding-left: 40px;">Generally do all acts and things required to give effect thereto.</p> <p>(2) The Board shall have full power:</p> <p style="padding-left: 40px;">to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also</p> <p style="padding-left: 40px;">to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such Members.</p>

<b>Title of Article</b>	<b>Article Number and contents</b>
	(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.

## ACCOUNTS

<b>Title of Article</b>	<b>Article Number and Contents</b>
Books to be kept	<p>230.</p> <p>(1) The Company shall keep at its Registered Office proper books of account as would give a true and fair view of the state of affairs of the Company or its transactions with respect to:</p> <p style="padding-left: 40px;">all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place</p> <p style="padding-left: 40px;">all sales and purchases of goods by the Company</p> <p style="padding-left: 40px;">the assets and liabilities of the Company and</p> <p style="padding-left: 40px;">if so required by the Central Government, such particulars relating to utilisation of material or labour or to other items of cost as may be prescribed by the Government</p> <p>Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decides the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.</p> <p>(2) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transaction effected at the branch are kept at that office and proper summarised returns, made upto date at intervals of not more than three months, are sent by the branch office to the Company at its Registered Office or the other place referred to in sub-clause (1). The books of accounts and other books and papers shall be open to inspection by any Director during business hours.</p>
Inspection by Members	<p>231.</p> <p>No Members (not being a Director) shall have any right of inspecting any account books or documents of the Company except as allowed by law or authorised by the Board.</p>
Statements of accounts to be furnished to General Meeting	<p>232.</p> <p>The Board of Directors shall from time to time in accordance with Sections 210, 211, 212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the Meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.</p>
Right of Members or others to copies of balance sheet and Auditors' report and statement under Section 219	<p>233.</p> <p>(1) The Company shall comply with the requirements of Section 219 of the Act.</p> <p>(2) The copies of every balance sheet including the Profit &amp; Loss Account, the Auditors' Report and every other document required to be laid before the Company in General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the Annual General Meeting.</p> <p>A statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the Company may deem fit will be sent to every Member of the Company and to every trustee of the holders of any Debentures issued by the Company not less than 21 days before the date of the Meeting.</p>

Accounts to be audited	<p>234.</p> <p>Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the profit and loss Account and the balance sheet ascertained by one or more Auditor or Auditors.</p>
Appointment of Auditors	<p>235.</p> <p>(1) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 224 to 229 and 231 of the Act.</p> <p>(2) The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from conclusion of that Meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment give intimation thereof to the Auditor so appointed unless he is a retiring Auditor.</p> <p>(3) At any Annual General Meeting a retiring Auditor by whatsoever authority appointed shall be reappointed unless:</p> <p style="padding-left: 40px;">he is not qualified for re-appointment;</p> <p style="padding-left: 40px;">he has given to the Company notice in writing of his unwillingness to be re-appointed;</p> <p style="padding-left: 40px;">a resolution has been passed at that Meeting appointing some body instead of him or providing expressly that he shall not be re-appointed; or</p> <p style="padding-left: 40px;">where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons as the case may be, the resolution cannot be proceeded with.</p> <p>(4) Where at any Annual General Meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.</p> <p>(5) The Company shall within seven days of the central government's power under sub-clause (4) becoming exercisable give notice of that fact to that Government.</p> <p>(6) The Directors may fill any casual vacancy in the office of Auditors, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by the resignation of art Auditor, the vacancy shall only be filled by the Company in General Meeting.</p> <p>(7) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a Member to the Company not less than fourteen days before the Meeting in accordance with Section 190 of the Act and the Company shall send a copy of any such notice to retiring Auditor and shall give notice thereof, to the Members in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that retiring Auditor shall not be re-appointed.</p>
Accounts when audited and approved to be conclusive except as to errors discovered within 3 months	<p>236.</p> <p>Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within the next three months after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected, and amendments effected by the Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval and, on such approval, shall be conclusive.</p>

## DOCUMENTS AND NOTICES

Title of Article	Article Number and Contents
	237.

To whom documents must be served or given	Document or notice of every Meeting shall be served or given on or to (a) every Member (b) every person entitled to a Share in consequence of the death or insolvency of a Member and (c) the Auditor or Auditors for the time being of the Company, PROVIDED that when the notice of the Meeting is given by advertising the same in newspaper circulating in the neighborhood of the office of the Company under Article 109, a statement of material facts referred to in Article 100 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.
Members bound by documents or notices served on or given to previous holders	238. Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which prior to his name and address being entered in the Register of Members shall have been duly served on or given to the person from whom he derived, his title to such Share.
Service of documents on the Company	239. A document may be served on the Company or an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post or by leaving it at its Registered Office.
Authentication of documents and proceedings	240. Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by a Director, the Managing Director, or the Secretary or other authorised officer of the Company and need not be under the Seal of the Company.

## REGISTERS AND DOCUMENTS

Title of Article	Article Number and Contents
Registers and documents to be maintained by the Company	241. The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following: Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act. Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act. Foreign register, if so thought fit, as required by Section 157 of the Act Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act. Register of Directors and Secretaries etc. as required by Section 303 of the Act. Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act. Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act. Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act. (j) Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.
Inspection of Registers	242. The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of

<b>Title of Article</b>	<b>Article Number and Contents</b>
	Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.

## WINDING UP

<b>Title of Article</b>	<b>Article Number and Contents</b>
Distribution of assets	<p>243.</p> <p>If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.</p>
Distribution in specie or kind	<p>244.</p> <p>(a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.</p> <p>(b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.</p> <p>(c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.</p>
Right of shareholders in case of sale	<p>245.</p> <p>A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.</p>
Directors and others right to indemnity	<p>246.</p> <p>Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered</p>

<b>Title of Article</b>	<b>Article Number and Contents</b>
	into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
Director, officer not responsible for acts of others	247. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part of for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

#### **SECRECY CLAUSE**

<b>Title of Article</b>	<b>Article Number and Contents</b>
Secrecy Clause	248. Every Director/Manager, Auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or any other person-employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all transactions and affairs of the Company with the Company customers and the state of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
No Member to enter the premises of the Company without permission	249. No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

## **SECTION X - OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of this Draft Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Draft Prospectus, to be delivered to the Registrar of Companies, West Bengal for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at Ashyana, 29C, Bentinck Street, Kolkata - 700 069, West Bengal, India, from 10.00 am to 4.00 pm on working days from the date of this Draft Prospectus until the Issue Closing Date.

#### **Material Contracts**

1. Letters of Engagement dated September 2, 2008 and August 14, 2008 among our Company, Anand Rath Advisors Limited and the VC Corporate Advisors Private Limited offering their services to act as LM and CLM to this Issue.
2. Memorandum of Understanding dated October 23, 2009 between our Company, LM and CLM.
3. Memorandum of Understanding dated October 23, 2009 between our Company and Niche Technologies Private Limited as Registrar to this Issue.
4. Escrow Agreement dated [●] between our Company, the LM, CLM, Syndicate Member and the Registrar to this Issue.
5. Syndicate Agreement dated [●] between our Company, LM, CLM and the Syndicate Member.

#### **Material Documents**

1. Certified copy of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Certificate of Incorporation of our Company dated February 11, 2005.
3. Extraordinary General Meeting resolution dated September 25, 2009 and the resolution of the Board dated September 1, 2009 authorizing this Issue.
4. Resolution passed by the Board of Directors of our Company on September 18, 2008 and by the shareholders of the Company at the EGM held on October 13, 2008 pursuant to Section 293 (1) (d) of the Companies Act, 1956 relating to borrowing powers.
5. Copy of the tax benefit report dated December 1, 2009 from the Statutory Auditor in this case being M/s. Anoop Agrawal & Company, Chartered Accountants.
6. Report of statutory Auditor M/s. Anoop Agrawal & Company, Chartered Accountants dated December 1, 2009 for financial statements mentioned in the Draft Prospectus alongwith the Annual Reports of our Company for the periods mentioned in the said report.
7. Consent of the Auditor for inclusion of his report on accounts of our Company with regard to tax benefits available to our Company and its members.
8. Consents in writing of: our Directors; our Company Secretary and Compliance Officer; the Auditors; Bankers to our Company; LM and CLM, Registrar to the Issue; Legal Advisor to the Issue, to act in their respective capacities
9. SEBI Observation Letter Numbers [●] dated [●].

10. Certified true copies of member resolutions appointing/varying the terms of current appointment of all our whole-time Directors.
11. Employment agreements of Mr. Chandra P. Agarwal, Mr. Prem P. Agarwal and Mr. Nitin M. Kandoi dated April 1, 2009, April 1, 2009 and October 10, 2009 respectively.
12. Initial listing applications dated [●] and [●] filed with the BSE and the NSE.
13. In-principle listing approvals from BSE dated [●] and the NSE dated [●].
14. Legal Advisor certificate dated December 15, 2009 regarding litigation and clearance of the Draft Prospectus.
15. Tripartite agreement among the NSDL, our Company and Niche Technologies Private Limited dated September 17, 2009.
16. Tripartite agreement among the CDSL, our Company and Niche Technologies Private Limited dated September 18, 2009.
17. Copy of Board Resolution dated October 10, 2009 constituting our Audit Committee, Remuneration Committee and Shareholders / Investor Grievance Committee and IPO Committee of the board.
18. Copy of consortium agreements and letters received from Consortium Banks sanctioning term loan and credit facilities to the Company.
19. Copy of the Board Resolution dated December 17, 2009 approving the Draft Prospectus.
20. Due Diligence Certificate dated December 17, 2009 to SEBI from the LM.
21. Order of the High Court of Calcutta dated March 12, 2009 for the amalgamation of Zircon Commercial Private Limited, D.R. Advisory Services Private Limited, Mantra Vanijya Private Limited, Dynasty Sales Private Limited, Sridhar Tie-Up Private Limited, Sanhati Tradlink Private Limited and Mrinmoyee Sales Private Limited with our Company.
22. Order of the High Court of Calcutta dated June 18, 2008 for the demerger of the General Investment Division of Gallantt Udyog Limited with our Company
23. Resolution of members of our Company passed at EGM held on September 25, 2009 appointing M/s. Anoop Agrawal & Company, Chartered Accountants, as Statutory Auditor.
24. Copies of the forms alongwith the relevant resolutions regarding increase in the Authorised Share Capital.
25. Statutory Auditor certificate dated December 1, 2009 regarding sources and deployment of funds as on October 31, 2009.
26. Copies of no objection certificates for proposed Initial Public Offer received from the bankers to our company viz. State Bank of India, State Bank of Patiala, State Bank of Mysore and HDFC Bank Limited.
27. Copy of the Project Appraisal Report by State Bank of India.
28. Consent of the IPO Grading Agency for inclusion of their report dated [●] in the form and context in which they appears in this Draft Prospectus and the Prospectus.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

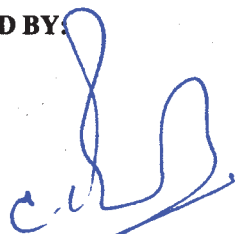


## DECLARATION

We, the Directors, certify that all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the Regulations issued by Securities and Exchange Board of India have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or SEBI Regulations issued, and that and that all approvals and permissions required to carry on the business of our Company have been obtained, are currently valid and have been complied with.

Our Company, the Directors of Gallantt Ispat Limited, hereby declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the Equity Shares issued in terms of this Draft Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation. Our Company further certifies that all the statements in this Draft Prospectus are true and correct.

SIGNED BY:



**Mr. Chandras Prakash Agarwal**  
Chairman and Managing Director



**Mr. Rajin M Kandoi**  
Whole-time Director



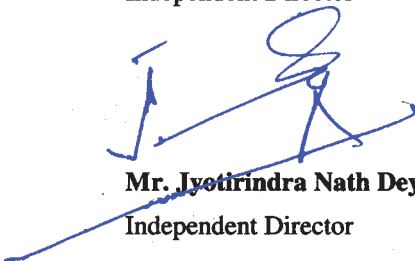
**Mr. Prem Prakash Agarwal**  
Whole-time Director



**Mr. Virendra Kumar Keshari**  
Independent Director



**Mr. Rajesh Kumar Jain**  
Independent Director



**Mr. Jyotirindra Nath Dey**  
Independent Director



**Mr. Nitesh Kumar**  
Company Secretary and Compliance Officer

**Place:** Kolkata

**Date:** December 17, 2009