CMYK

Prospectus
Dated February 23, 2006

GALLANTT METAL LIMITED

Incorporated in India on February 07, 2005, under the Companies Act, 1956 with Registration No. 21-101553 with the Registrar of Companies, West Bengal.

Registered Office: "Centre Point", 21, Hemant Basu Sarani, 3rd Floor, Room No. 306, Kolkata - 700 001, India
Tel.: (033) 30288500-06; **Fax:** (033) 30288499
E-mail: gml@gallantt.com, **website:** www.gallantt.com, **Contact Person:** Mr. Rajesh Upadhyaya
Works Office: Near Toll Gate, Village- Samakhyali, Taluka- Bachau, District- Kutch, Gujarat
Telefax: 91-2837- 283690/267307

Public Issue of 37,120,000 Equity Shares of Rs. 10/- each for cash at par aggregating Rs. 3,712 lacs (hereinafter referred to as the "Issue") comprising of 6,000,000 Equity Shares of Promoters and Promoter Group Contribution, 1,556,000 Equity Shares reserved for Permanent Employees of the Company and Net offer to the Public of 29,564,000 Equity Shares of Rs. 10/- each of which 29,56,400 Equity Shares being 10% of the Net Offer to the public to be compulsorily allotted to QIBs. The Net offer to the Public would constitute 38.74% of the fully diluted post issue paid up capital of the Company.

The Face Value of the Equity Shares is Rs. 10/- each and the Issue Price is 1 time the Face Value

The Project has a participation of Rs. 11,450/- Lacs as Term Loans from Consortium of Banks

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is Rs.10/ and the issue price is 1 time of the face value. The issue price (as determined by the Company in consultation with the Lead Manager and as mentioned in the paragraph on basis for issue price) should not be taken to be indicative of the market price of the equity shares after the 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 offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Attention of the investors is specifically invited to the Statement of Risk Factors mentioned on page nos. (vi) to (xviii) of the Draft Prospectus. **The Company has not opted for IPO Grading.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to the issuer 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 of the Company are proposed to be listed on Bombay Stock Exchange Ltd ("BSE") (The Designated Stock Exchange) and The National Stock Exchange of India Limited (NSE). The in-principle approvals have been received from BSE and NSE for listing of the Equity Shares vide their letters dated February 7, 2006 and February 10, 2006 respectively.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
AnandRathi	
ANAND RATHI SECURITIES PVT. LTD. 54-55, Mittal Court 'B', Nariman Point, Mumbai - 400 021 Phone Nos.: 91-22- 22871388 Fax No.: 91-22- 22835131 Contact Person: Mr. Sunny Agrawal E-mail: gallantt@rathi.com Web-site: www.rathi.com	**NICHE TECHNOLOGIES PVT. LTD.** D-511, Bagree Market, 71, B.R.B.Basu Road, Kolkata – 700 001 Phone Nos.: 91-33-22357270/7271 Fax No.: 91-33-22156823 Contact Person: Mr. S. Abbas E-mail: gml@nichetechpl.com Web-site: wwwy.nichetechpl.com

ISSUE PROGRAMME

ISSUE OPENS ON : 6TH MARCH, 2006	**ISSUE CLOSES ON : 10TH MARCH, 2006**

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SECTION I: DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL/GENERAL TERMS

Term	Description
"Gallantt Metal Limited " or the "Issuer" or the "Company", "we", "us", "our" and "GML"	Unless the context otherwise requires, refers to, Gallantt Metal Limited, a public limited company incorporated under the Companies Act and having its registered office at "Centre Point", 21, Hemant Basu Sarani, 3rd Floor, Room No. 306, Kolkata- 700 001, India.
You	Unless the context otherwise requires, refers to, investors.

ISSUE RELATED TERMS

Term	Description
Allotment	Issue or transfer of Equity Shares pursuant to the Offer to the successful applicants in the issue.
Allottee	The successful applicant to whom the Equity Shares are being/have been issued.
ARS/ARSPL	ANAND RATHI SECURITIES PRIVATE LIMITED, a company incorporated under the Companies Act, 1956, and having its Registered Office at J.K. Somani Building, 3rd floor, British Hotel Lane, Bombay Samachar Marg, Fort, Mumbai 400 023
Articles/Articles of Association	The Articles of Association of Gallantt Metal Limited
Auditors	The statutory auditors of the Company, viz. A.K. Meharia & Associates
Bankers to the Offer	ICICI Bank, HDFC Bank
Board of Directors/Board	The Board of Directors of Gallantt Metal Limited or a committee thereof
BSE	Bombay Stock Exchange Limited
Captive Power Project/CPP Project	Shall mean that part of the project pertaining to the setting up of the CPP.
Companies Act / the Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Stock Exchange	Bombay Stock Exchange Limited
Directors	Directors of Gallantt Metal Limited from time to time, unless otherwise specified.
Equity Shares	Equity shares of the Company of Rs.10/- each unless otherwise specified in the context thereof.
Fiscal or FY or Financial Year	Twelve months ending March 31st of a particular year.

Term	Description
Fresh Issue or Primary Issue	The issue of 37,120,000 Equity Shares at Rs. 10 per Equity Share by the Company pursuant to this Prospectus.
Issue/Offer	Initial Public Issue of 37,120,000 Equity Shares of Rs.10 per share of the Company.
Memorandum/MoA/ Memorandum of Association	The Memorandum of Association of Gallantt Metal Limited.
MS Billets/Ingots	These are various forms of Mild Steel products depending on factors such as size, shape and weight.
NSE	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 as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to invest in this Offer.
Promoter(s)	Shall mean jointly Shri Chandra Parakash Agrawal, Shri Dinesh Kumar Agarwal, Shri Nitin Kandoi and P.B. Mercantiles Pvt. Ltd.
QIB Portion	The portion of the Net Offer to the Public being minimum of 2,956,400 Equity Shares available for compulsory allotment to QIBs.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lacs, pension funds with minimum corpus of Rs. 2500 lacs, and multilateral and bilateral development financial institutions.
Registrar of Companies or RoC	Registrar of Companies at Kolkata, West Bengal
Registrar or Registrar to the Offer	Niche Technologies Private Limited, Kolkata.
Retail Individual Investors.	"Retail Individual Investor" means an investor who applies for securities of or for a value of not more than Rs.1,00,000/-.)
Retail Portion	The portion of the Net Offer to public being At least 14,782,000 Equity Shares available for allocation to Retail Individual Investor(s).
Rolling Mill Project	Shall mean that part of the project relating to setting up of rolling mill.
Rotary Kiln	Rotary kilns are used to heat solids to the point where a required chemical reaction(s) takes place. The rotary kiln is basically a rotating inclined cylinder
Sponge Iron Project	Shall mean that part of the Project relating to the manufacture of sponge iron.
Stock Exchanges	NSE and BSE

GLOSSARY OF TECHNICAL AND INDUSTRY TERMS

Term	Description
EOT cranes	Electrical Overhead Traveling (EOT) crane used for the movement of heavy objects within plant building
HRSG boiler	Heat Recovery Steam Generating Boiler, used to generate steam from recycled heat.
Kiln	A refractory lined cylindrical Vessel for Chemical reaction with heat exchange
Slag	Vitreous materials containing impurities formed on the surface of molten metals
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
Vibratory feeder with screen	Material feeding system, which vibrates while feeding to screen for size wise segregation at a controlled feed rate.

ABBREVIATIONS

Term	Description
1 Metric Ton	1000 kilograms
1 unit of power	1 kilo watt hour/1000 watt hour
AFBC	Atmospheric Fluidised Bed Combustion
AGM	Annual General Meeting of the shareholders.
ARSPL/ ARS	Anand Rathi Securities Pvt Ltd
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BFG	Blast Furnace gas
CAGR	Compounded Annual Growth Rate.
CDM	Clean Development Mechanism
CDSL	Central Depository Services (India) Limited.
CPP	Captive Power Plant
CRIS INFAC	CRISIL Research and Information Services Ltd
Cum	Cubic Meter
DG	Diesel Generator
DIP Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended
DM	Demineralised Water
DRI	Direct Reduced Iron

EAF	Electric Arc Furnaces
ECS	Electronic Clearing System
EGM	Extraordinary general meeting of the shareholders
EPS	Earnings per Equity Share
ESP	Electrostatic Precipitator
F & A	Finance & Accounts
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed there under.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995), registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board
GEB	Gujarat Electricity Board
GIR	General Index Register
GoI	The Government of India
GPCB	Gujarat Pollution Control Board
HNI	High Net-worth Individual
HP	High pressure
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended.
KL	Kilo Liters
Ksc	Kilogram per square centimeter
KV	Kilo Volt
KW	Kilo Watt
LS	Lump sum
MBF	Mini blast furnace
MS	Mild Steel
MT	Metric Tons
MTPA	Metric Ton Per Annum
MVA	Mega Volt Ampere
MW	Mega Watt (1000 kilo watts)
NAV	Net Asset Value
NRE Account	Non-Resident External Account.

NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
P/E	Price earning ratio
PAN	Permanent Account Number
PPA	Power Purchase Agreement
PRDS	Pressure Reducing Desuperheating station
R&D	Research and Development.
RBI	The Reserve Bank of India.
RONW	Return on Net Worth
Rs.	Indian National Rupee
SCRA	Securities Contracts (Regulation) Act, 1956 as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEB	State Electricity Board
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended.
SI	Sponge Iron
SMS	Steel Melting Shop
TAN	Tax Deduction Account Number
TMT	Thermo Mechanically Treated
TPA	Tonnes Per Annum
TPD	Tonnes per day
TPH	Tonnes per hour
WHRB	Waste Heat Recovery Boilers
WHRSG	Waste Heat Recovery Steam Generating Boiler

SECTION II: RISK FACTORS

FORWARD-LOOKING STATEMENTS AND MARKET DATA

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward looking statements can generally be identified by words or phrases such as "expect", "estimate", intend", "may", "plan", "project", "shall", "will" or other words or phrases of similar import. Similarly, statements that describe Company's objectives, strategy, plans or goals are also forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions about the Company 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 the expectations include, among others:

- General economic and business conditions;
- Company's ability to successfully implement its strategy and its growth and proposed plans;
- Factors affecting the steel industry;
- Increasing competition in the steel industry;
- Increase in raw materials prices;
- Manufacturers' defects or mechanical problems with Company's plant & machineries or incidents caused by human error;
- Changes in the value of the Indian rupee and other currencies, in particular, the U.S. Dollar;
- Cyclical or seasonal fluctuations in the operating results;
- Amount that the Company is able to realize from the clients;
- Changes in laws and regulations that apply to the steel industry;
- Changes in fiscal, economic or political conditions in India;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

For further discussion of factors that could cause Company's actual results to differ, please see the section entitled "Risk Factors" included in this Prospectus. In the light of inherent risks and uncertainties, the forward-looking statements, events and circumstances discussed in this Prospectus might not occur and are not guarantees of future performance.

Neither the Company, it's Directors and Officers, any member of the Issue Management Team nor any of their respective affiliates has 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, for purposes of the Issue, the Company and the Lead Manager to the Issue will ensure that investors in India are informed of material developments relating to the business until such time as the grant of listing and trading permission by the Stock Exchanges.

MARKET DATA

Industry and market data used throughout this Prospectus has been obtained from Government of India sources, SBI Capital Markets Limited appraisal report and internal Company reports. Although industry and market data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent sources.

RISK FACTORS

An investment in the Company's Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Prospectus including the risks and uncertainties described below before you make an investment decision. Risks have been quantified, wherever possible. If any of the following risks actually occur, its business, financial condition and results of operations could suffer, the trading price of its Equity Shares may decline and you may lose all or part of your investment.

To obtain a complete understanding of the Company, you should read this Section in conjunction with the Sections entitled 'Business Overview' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' contained in this Prospectus.

Note: Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any risks mentioned herein under:

INTERNAL RISK FACTORS

1. **The Company does not have a previous track record**

   The Company has been incorporated less than a year back and thus does not have any previous financial and operational data.

   Management Perception

   The company completed the Phase I of the project within the stipulated time and the commercial operations have started from December 29, 2005. The Phase-II is expected to become operational by October 2006.

2. **Size of the Project**

   The total cost of the project is Rs.19,082 Lacs. Although the promoters have an experience in the Steel industry, their competence in handling a project of this magnitude remains to be demonstrated. An equity investor is therefore faced with an uncertainty of performance by the management.

   Management Perception

   The Company has drawn out a business plan for the activities to be pursued in the steel industry along with installation of manufacturing facilities of Sponge iron, MS Billet and TMT Bars. The promoters of the Company, Shri Chandra Prakash Agrawal and Shri Nitin Kandoi, have considerable experience (around 10 years) in this industry. Further, Shri Dinesh Kumar Agarwal, have an experience in commissioning of Captive Power Plants for a group of Process Houses in Surat. The promoters foresee an overall long-term economic viability due to generation of a captive power from waste heat generated by the Sponge Iron Unit at a fraction of cost of purchased power and its utilization for the Plant ensures economics of this project. The Company has also appointed senior and experienced Professionals who have the experience of setting up similar facilities in the past. Please refer to page no. 77 and page no. 75 of the Prospectus for details and experience of promoters and the key managerial personnel respectively.

3. **Non-availability of raw material and other resources**

   Steel industry being a raw material intensive industry, the 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 the Company's operations and in turn the profitability of the Company.

   Management Perception

   The main raw materials viz. iron ore and coal is easily available from domestic & international markets. Iron ore would be procured from the Bellary region, Karnataka, which is 1,200 kms away from the site and also from Orissa, which is approx. 1400 kms from the site. The iron ore would be transported to the site by rail/ road. The promoters are confident of procuring a steady supply of iron ore on account of their long experience in this particular line of activity. The other raw material viz. steam coal is proposed to be imported from Indonesia/ South Africa through Kandla Port/ Mundra Port on account of better properties. The plant site is well connected with public roads, railways and ports thus ensuring an uninterrupted supply of raw materials and finished products. Currently, the company has obtained consent from Surya Coal, Surat, and Aditya Marine Limited, Gandhidham, assuring the supply of the same.

GML proposes to set up Captive Power Plant to meet its power requirements. The Company is going to use Lignite for producing power, which is available in abundance and the mines of the same are approx 130 kms far from the site. The CPP is proposed to start commercial operations from October 2006, whereas the Phase I commercial operations have started from December 29, 2005. During the interim period, GML proposes to meet its requirement of power by taking a connection of 9000 KVA from Paschim Gujarat Vij Company Limited (PGVCL) and balance by way of a DG set of 8000 KVA. In addition to this, the Company has also proposed to install D.G. Set of 2000 KVA to meet the emergency Power requirements.

4. Risk associated with price fluctuation of raw material and finished product

In the recent past, there have been fluctuations in the prices of critical raw materials such as iron ore, coal etc. both at domestic and international levels. Such fluctuations in prices of raw material and the 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.

Management Perception

The risk on account of price fluctuation in raw material is reduced to a significant extent by passing incremental raw material cost to the prices of finished products thereby insulating the Company from fluctuation in raw material prices. Profitability will depend upon the extent up to which the Company is able to pass on the burden of rise in the price of raw material to the consumers.

5. Supply Chain Management

The Company will be sourcing the critical raw material viz. iron ore from the Bellary region, Karnataka, which is 1,200 kms away from the site and also from Orissa, which is approx. 1400 kms from the site; and steam coal is proposed to be imported from Indonesia/South Africa through Kandla Port/ Mundra Port, which involves logistic issues, economic decision making in ensuring optimum inventory. Any delay in supply of raw material to the plant may affect the plant's operations. Further, any rise in the transportation cost may in turn lead to a rise in the cost of production. In case the Company is not able to pass on the burden of such additional cost to the buyer of the products, its profit margins may be affected. Non-availability of raw material along with logistic issues may force the Company to hold sizeable amount of working capital, which might affect the liquidity position of the Company.

Management Perception

The plant site is well connected with roads, railways and ports. So there will be no shortage of raw material. In order to pre-empt any possibilities in holding up of production, the Company has planned the holding level of raw materials; Indigenous: Sponge Iron Division-2 months, Billet Division-1 month, Re-Rolling Mill Division-0.25 month; raw materials Imported: Sponge Iron Division-3 months, Billet Division-2 month, consumable stores: Sponge Iron Division-1 months, Billet Division-1 month, Re-Rolling Mill Division-1 month. Considering the present competitive market environment, the holding level is justified and need based. The Company feels the above would be quite adequate in meeting the working capacity of plant in case of logistic delays arising in ordinary course of business or unforeseen contingencies, thereby insulating the profitability and operations.

6. **Time and Cost overrun**

SBI Capital Markets Limited has appraised the Project and has also made certain assumptions on the time frame by which the Project will be completed. Also, the sanctioning of the term loans is contingent on the satisfaction of certain conditions such as raising of funds through IPO etc. In case there is a delay in complying with any of the conditions mentioned in the sanction letter, the disbursement of funds might be delayed leading to time and cost over run, which in turn may adversely impact the future profitability. For details of terms and conditions of the loans sanctioned please refer to page no. 93 of the Prospectus

Management Perception

Phase-I commercial operations have started from December 29, 2005 as stated in the Implementation Schedule. Further, an amount of Rs.3,100/- lacs has already been disbursed as on November 21, 2005, by the consortium of Banks which has already sanctioned a total Term Loan of Rs.11,450 lakhs; please refer page 93 for its details in this Prospectus. For current stage of completion of the project, please refer to the para on 'Implementation Schedule' on page 26 of this Prospectus.

7. **Delay in raising funds from the IPO**

The Phase II of the project is partially funded from this IPO. Any delay/failure of the same, may adversely impact the implementation of the project.

Management Perception

The total funds requirement for Phase II of the Project (i.e. for the Captive Power Plant) is Rs.7781 lakhs against which only Rs.3112 lakhs is to be raised from the IPO. The management, if required, will make alternate funding arrangements through unsecured loans to bridge the shortfall.

8. **Supply of power**

The production process of the Company demands working on a shift basis and as such an uninterrupted power supply is required.

Management Perception

The CPP is proposed to start commercial operations from October 2006, whereas the Phase I commercial operations have started from December 29, 2005. During the interim period, GML proposes to meet its requirement of power by taking a connection of 9000 KVA from PGVCL and balance by way of a DG set of 8000 KVA. After commissioning of the CPP, GML proposes to surrender the excess power (approx 5000 KVA) to PGVCL. The Company has also proposed to install one D.G. Set of 2000 KVA to meet the emergency Power requirements.

9. **Further equity offerings**

The Company may require further infusion of funds to satisfy its future capital needs and future growth plans, which it may not be able to procure. Any future equity offerings by the Company may lead to dilution of equity and may affect the market price of its Equity Shares.

Management Perception

In the near future there are no plans to issue further equity shares. In case the Company decides to raise additional funds through the issuance of equity, the same would be done for further value creation for the shareholders of the Company and after taking adequate consent from them.

10. **Change in technology**

The Company's future success will depend in part on its ability to respond to technological advances taking place in the steel industry. The development and implementation of such technology entails significant technical

& business risk. The Company cannot ensure that it will successfully implement new technology effectively or adapt the processing system to emerging industry standards. If the Company is unable for technical, financial, legal and/or other reasons to adapt in timely manner to the changing market conditions, its business, financial performance and the trading price of its equity shares could be adversely affected.

Management Perception

The promoters of the Company are committed to implant the best technology for manufacturing steel all the time. The Company will keep itself abreast with the changing world of technology and will update its operations accordingly on a continuous basis.

11. Loss Making Group Companies

The following companies of the Promoter Group have incurred losses during the last three financial years:

(Rs. In Lacs)

Particulars	**2002-03**	**2003-04**	**2004-05**
P.B. Mercantiles Pvt. Ltd.	(0.02)	(0.04)	—
Gallantt Ispat Limited	—	—	(0.10)

Management Perception

The performance of the group companies will not affect the operations of the Company. P.B. Mercantiles Pvt. Ltd. is in the business of investment in securities and providing of loans, thus, it is not related to the business of GML. Gallantt Ispat Limited was incorporated in February 2005 with a view to establish the steel unit in Gorakhpur, U.P and has applied for land allotment to Gorakhpur Industrial Development Authority (GIDA). The loss in Gallantt Ispat Ltd is due to the Preliminary expense.

12. Common pursuits among group companies

Govind Mills Limited promoted by Shri Chandra Prakash Agrawal, is into the steel industry. It has an induction furnace and rolling mill at Gorakhpur for manufacturing of M.S. Ingot and M.S Round Bar with an installed capacity of 52,800 tpa. Another Company Ganesh Laxmi Steel Pvt. Ltd. promoted by Shri Dinesh Kumar Agarwal and Shri Mahesh Kumar Gupta has been established with the objects being trading in steel. , Gallantt Ispat Ltd. another group company is set up to establish a steel unit in Gorakhpur, UP. This may lead to conflict of interest between group companies and affect the profitability of the Company.

Management Perception

Govind Mills Ltd is based in North India and has its own local market there. However, the Company's plant is in Western region and Company proposes to sell its products mainly in Gujarat, Rajasthan and Maharashtra. Thus, the operations of both the companies would not affect each other's profitability.

Ganesh Laxmi Steel Pvt. Ltd has been established with one of the objects being trading in steel, but no activity has yet taken place.

As already mentioned above, Gallantt Ispat Ltd. another group company is set up to establish an steel unit in Gorakhpur, U.P and has applied for land allotment to Gorakhpur Industrial Development Authority (GIDA). As the proposed unit is in northen India it will not affect the business of the Company

Please refer page 82 of this Prospectus for further details.

13. The success of the Company will depend on its management team.

The success of the Company is dependent on its management team. If the Company is not able to attract and retain qualified and competent personnel, it will affect the operations and profitability of the Company.

Management perception

The Company has already employed qualified and experienced personnel and is confident of retaining them. However, if any employee leaves the organization, the Company is confident of replacing the same with the competent employee.

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

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

Management perception

The promoters of the Company have been involved in the day-to-day operations of the Company. Besides this the Company also has a qualified team of commercial executives, financial professionals, and other professionals who are also involved into the day-to-day operations of the Company. This reduces the Company's dependence on the promoters to manage the operations of the Company.

15. **Risk arising out of outstanding litigation against the Promoter, Company and group companies/firms of the Promoter Group to be updated for other promoter group companies**

Court /Department	Reference	Background	Current Status
A. Against the Promoter and Group Company			
Income Tax Department	29th and 30th September 2003	There was an IT search held at the Group Company's premises (Govind Mills Limited) as well as at the residence of Shri C.P. Agrawal and Shri Nitin Kandoi.	The Promoters and the Company have filed the case with Settlement Commission, Income Tax, New Delhi admitting additional income tax liability of Rs. 56,75,667. Out of this additional liability an amount of Rs.56,03,358 is already available with the department in the form of TDS/Tax Deposited for A.Y. 2003-04 (Rs.12,04,421) and A.Y. 2004-05 (Rs.20,32,840), refunds due for A.Y. 1998-99 (Rs.7,63,997) and cash seized from the office during search (Rs.29,47,100), after adjusting for the regular tax for A.Y. 2003-04 (Rs.11,35,000) and A.Y. 2004-05 (Rs.2,10,000), which is sufficient to meet the above liability. However, the case is pending before the settlement commission.

B. Against the Group Companies

1. Govind Mills Limited			
Railway Protection Force (RPF)	An case no:04/04 has been registered by RPF	Railway Protection Force (RPF) has made an inspection in the premises of the Company in December 2004 and lodged case no:04/04 and ceased 80 tons of Cast Iron.	District Judge has passed an order to release the goods and the Company has lodged a counter complaint to the appropriate authority to withdraw the case framed by RPF.The matter is still pending.
2. Ganesh Laxmi Processors Pvt. Ltd.			
Civil Court	Case No: 466/01 and 1866/03 under Apprentice Act	As per Labour Department, Company has not complied with the Apprentice Act.	The Case is still pending. The fine of Rs.250 is expected to be levied.
Civil Court	Case No: 3151-3155 / 04 under Minimum Wages Act	As per Labour Department, Company has defaulted under Minimum Wages Act	The Case is still pending. However, the Company has complied with the objections raised by the Department
Civil Court	Case No: 4295-4316 / 4 under Factories Act	As per Department some provisions of Factory Act have not been complied with.	The Case is still pending. However, the Company has complied with the objections raised by the Department
C. Directors of Group Companies: Ganesh Laxmi Processors Pvt. Ltd.			
Civil Court	Case No: 466/01 and 1866/03 under Apprentice Act	As per Labour Department, Company has not complied with the Apprentice Act.	The Case is still pending. The fine of Rs.250 is expected to be levied
Civil Court	Case No: 3151-3155 / 04 under Minimum Wages Act	As per Labour Department, Company has defaulted under Minimum Wages Act	The Case is still pending. However, the Company has complied with the objections raised by the Department
Civil Court	Case No: 4295-4316 / 4 under Factories Act	As per Department some provisions of Factory Act have not been complied with.	The Case is still pending. However, the Company has complied with the objections raised by the Department

16. Shares issued by GML in the last one year

Date of Allotment	Particulars	No. of Shares	Issue Price	Category
07/02/2005	Chandra Prakash Agrawal	10,000	10.00	Promoter
07/02/2005	Dinesh Agarwal	10,000	10.00	Promoter
07/02/2005	Kavita Gupta	5,000	10.00	Friends & Associates
07/02/2005	Manish Jajoo	5,000	10.00	Friends & Associates
07/02/2005	Mayank Agarwal	10,000	10.00	Relatives of Promoters

07/02/2005	Nitin Kandoi	500	10.00	Promoter
07/02/2005	Priya Agarwal	9,500	10.00	Relatives of Promoters
31/03/2005	Dinesh Agarwal	200,000	10.00	Promoter
31/03/2005	Madhu Agarwal	500,000	10.00	Relatives of Promoters
31/03/2005	Mahesh Kumar Gupta	200,000	10.00	Friends & Associates
31/03/2005	Gorakhpur Petro Oils Ltd.	1,000,000	10.00	Persons Acting in Concert
31/03/2005	Govind Steel & Power Ltd.	2,000,000	10.00	Persons Acting in Concert
31/03/2005	Hippolin Commerce Pvt. Ltd.	750,000	10.00	Persons Acting in Concert
30/04/2005	Anu Gupta	70,000	10.00	Friends & Associates
30/04/2005	Ashutosh Agarwal	400,000	10.00	Relatives of Promoters
30/04/2005	Chandra Prakash Agrawal (HUF)	700,000	10.00	Relatives of Promoters
30/04/2005	Chandra Prakash Agrawal	290,000	10.00	Promoter
30/04/2005	Mahesh Kumar Gupta (HUF)	90,000	10.00	Friends & Associates
30/04/2005	Mayank Agarwal	340,000	10.00	Relatives of Promoters
30/04/2005	Prem Prakash Agarwal	350,000	10.00	Relatives of Promoters
30/04/2005	Prem Prakash Agarwal (HUF)	260,000	10.00	Relatives of Promoters
30/04/2005	Priya Agarwal	140,000	10.00	Relatives of Promoters
30/04/2005	Santosh Kumar Agarwal	350,000	10.00	Relatives of Promoters
30/04/2005	Santosh Kumar Agarwal (HUF)	600,000	10.00	Relatives of Promoters
30/04/2005	Shyama Agarwal	190,000	10.00	Relatives of Promoters
30/04/2005	Sumesh Kumar Agarwal	500,000	10.00	Relatives of Promoters
30/04/2005	Uma Agarwal	350,000	10.00	Relatives of Promoters
30/04/2005	Ganesh Laxmi Steels Pvt. Ltd.	1,000,000	10.00	Promoter Group
30/04/2005	P.B. Mercantile Pvt. Ltd.	11,000,000	10.00	Promoter
30/04/2005	Govind Steel & Power Ltd.	6,000,000	10.00	Persons Acting in Concert
30/04/2005	Hippolin Commerce Pvt. Ltd.	750,000	10.00	Persons Acting in Concert
30/04/2005	Meera Devi Agarwal	90,000	10.00	Friends & Associates
30/04/2005	Purshotam Das Hisariya (HUF)	50,000	10.00	Friends & Associates
30/04/2005	Uma Devi Hisariya	50,000	10.00	Friends & Associates
31/08/2005	P.B. Mercantiles Pvt. Ltd.	700,000	10.00	Promoter
31/08/2005	Charvi Alloys Pvt. Ltd.	800,000	10.00	Persons Acting in Concert
31/08/2005	Hippolin Commerce Pvt. Ltd.	550,000	10.00	Persons Acting in Concert
31/08/2005	Paramount Vyaapar Pvt. Ltd.	30,000	10.00	Persons Acting in Concert
31/08/2005	Sharda Tradelinks Pvt. Ltd.	750,000	10.00	Persons Acting in Concert
31/08/2005	Rajiv Kumar Jain	100,000	10.00	Friends & Associates
30/11/2005	P.B. Mercantiles Pvt. Ltd.	2,950,000	10.00	Promoter
30/11/2005	Ganesh Laxmi Steels Pvt. Ltd.	5,000,000	10.00	Promoter Group
30/11/2005	Utsav Merchants Pvt. Ltd.	37,500	10.00	Persons Acting in Concert
30/11/2005	Gallantt Ispat Ltd.	10,000	10.00	Promoter Group
30/11/2005	Gauri Shankar Agrawal	2,500	10.00	Friends & Associates
	Total	**39,200,000**		

Management perception

The Company is incorporated in February 2005 and thereafter the share has been allotted at par to the Promoters, Promoter Group and Persons Acting in Concert.

17. Weakness and threat as provided in the apparisal report of SBI Capital Markets Limited

The final products of the Company – TMT bars are mainly used for construction activities and are susceptible to price and demand volatility.

There could be an oversupply position due to capacity expansion and setting up of new projects in the steel industry.

However, the promoters are well experienced, having 10 years experience in both manufacturing & selling of steel products and have handled the adverse price and demand movements.

The domestic demand & supply scenario is expected to be balanced even though many new projects/capacity expansion are expected to be implemented over the next 2-3 years. In such a scenario, the players with lower production cost would be in a position to utilize the capacities optimally.

GML enjoys cost advantages, as the essential input for TMT bars would be manufactured internally, which would enable it to withstand competition. The Company is fast in implementing the project and would be in a position to complete the project earlier than other similar projects. GML also proposes to set up a 18 MW CPP based on lignite, which would enable it to produce power and utilize it for its billet and rolling mill division at very low cost. Further, the Company would also be eligible for certain fiscal benefits by the way of exemption of excise duty upto 16% and sales tax upto 4%, which will substantially reduce the cost still further.

18. The Company may face competition from other established Companies and future entrants into the industry.

More and more additional capacities are being added by existing steel companies and also by new entrants in this field. After announcement of the various incentives by Gujarat Government for development of the Kutch region, many steel companies have put up/proposed to put up the manufacturing facilities in the Kutch region. The supply of steel in the market will increase once these plants start productions. This additional supply of steel in the market will impact the steel price if it is not supported by proportionate increase in demand. Our profit margin may get reduce incase of fall in future steel price and the same will have a direct impact on our share price.

Competition is inevitable in any line of business. However, the demand of steel is increasing due to increased construction and infrastructure development activities. Thus, competition is unlikely to affect the Company.

19. The project viability may be affected due to delay in commencement of commercial production

The company is eligible for regional fiscal incentives subject to commencement of its commercial production prior to December 31, 2005. The delay of the same would lead to deprival of various benefits and may affect its financial viability.

The Phase I commercial operations have started from December 29, 2005 and the Company is eligible for availing the fiscal benefits.

20. Restrictive Covenants in the Common Loan agreement from Consortium Banks headed by SBI

The Common Loan Agreement dated October 19, 2005 issued by Consortium Banks for a fund based limit of Rs. 1,14,50,00,000 (Rupees One Hundred Fourteen Crores and Fifty Lacs Only) against a first priority mortgage and charge over all the fixed assets both present and future (for detail refer page no. 93 of this Prospectus), contains the following restrictive covenants on the Company, during the currency of the facility, wherein the Company shall not, without the prior consent of the banks in writing:

- Undertake any new project, diversification, modernization or substantial expansion of the Project.
- Effect any change in the Company's capital structure including increase, reduction, purchase, buy-back, re-organization, or otherwise of its authorized, issued, subscribed or paid-up capital.
- Create, incur, assume or suffer to exist any Security Interest upon or with respect to any property or revenue or assets (real, personal, tangible or intangible) whether now owned or hereafter acquired.
- Issue any debentures or contract, create, incur, assume or suffer any Indebtedness, except Permitted Indebtedness.
- Provide guarantees, indemnities or similar assurances in respect of indebtedness of any other person, other than guarantees, indemnities or similar assurances required under any Transaction Document or trade guarantees given in the ordinary course of business.
- Convey, sell, lease, transfer or assign or otherwise dispose of (or agree to any of the foregoing) all or any part of its properties or assets or right, title or interest to or in any property or assets except in the ordinary course of business.
- Form or create any subsidiary or permit any company to become its subsidiary or own any equity interest in or lend money or credit or make deposits or advances to any Person for purchase or acquisition of equity interests or make capital contribution to or acquire all or substantially all of the assets of any other Person.
- Disinvest or dispose of its shareholding in any subsidiaries permitted to be created.
- Wind-up, liquidate or dissolve its affairs
- Enter into any transaction or scheme for the amalgamation, merger, de-merger, arrangement, reconstruction, consolidation or reorganization.
- Enter into any management contract or similar arrangement or make any drastic change in its management.
- Allow withdrawing any contribution/ monies brought in by the Promoters Shareholders or directors.
- Agree, authorise or consent to any proposed settlement, resolution or compromise of any litigation, arbitration or dispute with any Person.
- Enter into borrowing arrangements, either secured or unsecured, with any other bank or financial institution, except for the arranged as part of means of finance of the project and for meeting its working capital requirements and such additional financing arranged to meet any cost overruns as mentioned in this Agreement.
- Pay any dividend or interest on Equity at any time during the currency of this Agreement prior to payment of the principal, interest and other charges that have become due and payable to the Banks under this Agreement except out of profits relating to that year and after making all due provisions under applicable law.
- Allow its ratio of Current Assets to Current Liability to fall below 1.25:1.
- Allow its Ratio of Total Outside Liability to Tangible Net Worth to exceed 2.50:1.
- Allow to fall its interest coverage ration below 2.50:1.
- Allow its Debt to Equity Ratio to exceed 1.50:1.

21. Possibility of Foreign Exchange risk and Interest rate fluctuations risk

The Company proposes to import steam coal from Indonesia/South Africa through Kandla Port/ Mundra Port. This may expose Company to foreign exchange and interest fluctuation risks.

EXTERNAL RISKS BEYOND THE CONTROL OF THE COMPANY

Certain factors beyond the control of the Company could have a negative impact on the Company's performance, such as:

1. Changes in Government Policies and political situation in India

Since 1991, the Government of India has pursued policies of economic liberalization, including relaxing restrictions on the private sector. We cannot assure you that these liberalization policies will continue in future. Protest against liberalization could slowdown the pace of economic development. The rate of economic liberalization could change, specific laws and policies could change, and foreign investment, currency exchange rates and other matters affecting investing in our securities could change as well.

The current Indian Government is coalition of several parties along with outside support from other partners. The withdrawal of one or several parties or withdrawal of outside support could result in political instability, which may have adverse affect on the capital market and investor confidence.

Any adverse change in Government policies relating to the steel industry in general and stainless steel, sponge iron, ferro alloys, iron ore in particular may have an impact on the profitability of the industry.

Such changes are not limited to but may be in respect of:

1. Sales Tax
2. Customs Duty
3. Import/ Export restriction
4. Excise Duty
5. VAT

2. Changes in regulations

Changes in regulatory environment relating to manufacturing and marketing Sponge Iron, Billet Casting, captive Power Plant and TMT Bars in and outside the country will significantly impact the business of the Company.

Management Perception

The Company keeps itself abreast of the various developments in the regulatory environment and gears itself to comply with the dynamics. The Company shall be able to adapt to any change in the regulatory environment.

3. Regulation of Exports and Imports

Any change in regulations, domestic or international, having an impact on the steel market in general, will affect the industry as a whole. Such changes may be in the nature of introduction of quota, tariff barrier, subsidies etc.

Management perception

Our business is primarily indigenous in nature and as such very little impact is envisaged in lieu of the above.

4. Risks arising from changes in taxation policies

Statutory taxes and other levies may affect our margin in the event of our inability to factor such expense in our trading margin. Any increase taxes and/ or levies, or the imposition of new taxes and/ or levies in the future, may have a material adverse impact on our business, results of operations and financial condition.

5. Risk arising from violence and acts of terror

Terrorist attacks and other acts of violence or war involving India and other countries where the Company sells its products could affect the Company's business.

Management Perception

The consequences of any potential armed conflict are unpredictable and are Force Majeure in nature and the Company may not be able to foresee events that could have a materially adverse effect on its business, financial condition or results of operations. However, the Company would take up appropriate risk management strategies.

6. **The Company is subject to risk arising from exchange rate fluctuations**

The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Fluctuations in the exchange rates may affect the Company to the extent of cost of imported raw material being bought from overseas vendors for the Company's products.

Any adverse fluctuations with respect to the exchange rate of any foreign currency for Indian Rupees may affect the Company's profitability, since a part of its raw material will be purchased in foreign currency.

7. **Risk caused by changes in Interest rates and banking Policies**

The Company is dependent on various banks and financial institutions for arranging the Company's working capital requirements, term loans, etc. Accordingly, any change in the extant banking policy or increase in interest rates may have an adverse impact on the Company's profitability.

8. **Risk Caused By Competition**

The market for steel industry is highly competitive. The Company expects that competition will continue to intensify. The Company may face competition from cheap Chinese imports.

9. **Withdrawal of Government incentives**

Various incentives are offered by the Government for development of infrastructure, particularly in development of roads. Adverse change in the focus of the Government may affect the future business prospects of the Company.

Failure to comply with environmental laws, rules and regulations may adversely affect our business or operations.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business and could materially effect our future financial performance, and the trading price of our equity shares.

Any disruption in supply of power, basic infrastructural facilities, telecom lines could adversely affect the business and production process of the Company or subject it to excess cost.

The Company's performance is highly dependent upon the growth of business and economy in the Country, which generates the demand for construction and development. An economic down turn may negatively impact the operating results of the Company.

Since the Equity Shares of the Company are required to be traded compulsory in demat form, shareholders who are allotted/who hold shares in Physical Form may not be able to trade in such Equity Shares unless they get their holding dematerialized.

10. **Volatility of share prices on listing**

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Indian and global securities market;
- Our results of operations and performance, in terms of market share;
- Performance of the Indian economy;
- Changes in Government policies;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations

NOTES

1. Net worth of the Company as on September 30, 2005 is Rs.4,493.73 lacs.
2. Present Issue of 37,120,000 equity shares of Rs.10/- each for cash aggregating to Rs.3,712.00 lacs of which 6,000,000 Equity shares are for promoters/ promoter group contribution and 1,556,000 Equity shares are reserved for Employees. Net Offer to Public is 29,564,000 Equity Shares of Rs.10/- each for cash aggregating to Rs.2,956.40 lacs. The Project has minimum Rs.295.64 lacs as equity participation from the QIBs and Rs.11,450 lacs as Term Loan from Consortium of Banks.
3. Book Value of the equity shares of the Company as on September 30, 2005 is Rs.9.92 per Equity Share.
4. Investors are advised to refer to the paragraph on "Basis for Issue Price" on page no. 31 before making an investment in the issue.
5. Investors may note that in case of over subscription, the allotment shall be on proportionate basis and for details; reference may be made to Para "Basis of Allotment" given on page no. 29 of the Prospectus.
6. The investors are advised to refer the paragraph on Promoter's background before making an investment in the proposed issue.
7. There are no relationships with statutory auditors to the Company other than auditing and certification of financial statements.
8. Investors may note that allotment and trading in shares of the Company shall be done only in dematerialized form.
9. The average cost of acquisition of Equity Shares of face value of Rs.10 each by the Company's Promoters is as follows:

Sr. No.	Name of Promoter	Avg. Cost of Acquisition (Rs.)
1	Chandraprakash Agrawal	10.00
2	Nitin Kandoi	10.00
3	Dinesh Agarwal	10.00
4	P.B. Mercantiles Pvt. Ltd.	10.00

10. Investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/information pertaining to the Issue.
11. Related Party Transactions as per Audited Accounts for the period ended on 30th September 2005 are given below:
    a) List of related parties over which control of the Company exists – None
    b) Name of the related Parties with whom the transactions were carried out with the Company:

Name Of The Related Party	Nature Of Relationship
Govind Mills Limited	Group Company
Ganesh Laxmi Processors Pvt. Ltd.	Group Company

(Rs. in lacs)

A	Transactions During the period	As on March 31, 2005	Period Ended 30-09-2005
1	<u>Purchases of Steel</u> Govind Mills Ltd.	—	518.47
2	<u>Purchases of one D.G. Set</u> Ganesh Laxmi Processors Pvt. Ltd	—	2.40
3	<u>Unsecured Loan</u> Govind Mills Ltd.	—	600.00
B	**Closing Balance**		
1	<u>Unsecured Loan</u> Govind Mills Ltd.	—	600.00

12. All information shall be made available by the LM and the Company, 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.

SECTION III: INTRODUCTION

SUMMARY

You should read the following summary together with the Risk Factors explained on page no. vi of this Prospectus and the more detailed information about the Company and the financial data included in this Prospectus.

THE 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 no. 38 of the Prospectus.

BUSINESS

The Company has been recently incorporated with a view to manufacture Sponge iron with a capacity of 99,000 MTPA, M.S Billets with a capacity of 1,76,420 MTPA, Re-Rolled products (TMT Bars) with a capacity of 168,300 MTPA and a captive power plant of 18 MW capacity.

The in-house consumption of entire Sponge Iron for manufacturing of billets, which would further be rolled into TMT bars along with installation of captive power plant utilising the waste heat from the sponge iron plant would improve the overall profitability of the project making it financially more viable.

The plant for the above activities is located at Kutch, Gujarat. There is good potential for the Company, as in the western region there is substantial gap between demand and supply of finished steel and the Company plans to sell their maximum production within the state of Gujarat, Maharashtra and Rajasthan. Phase-I commercial operations have started from December 29, 2005 and the demand for TMT bars/ structurals is set to increase due to growth in construction and infrastructural activities.

For further details see the section on Business Overview on page no. 45 of the Prospectus.

THE ISSUE

Equity Shares offered:	
Total Equity Shares	37,120,000 Equity Shares
Of which:	
Contribution from Promoters and Promoter Group	6,000,000 Equity Shares
Reserved for Permanent Employees (5%)	1,556,000 Equity Shares
Net Offer to the Public	29,564,000 Equity Shares
Qualified Institutional Buyers portion (10% of the net offer to public)	Minimum of 2,956,400 Equity Shares (to be compulsorily subscribed and allotted. Allocation on a proportionate basis)
Non Institutional portion (40% of the net offer to public)	Not more than 11,825,600 Equity Shares (Allocation on a proportionate basis)
Retail portion (50% of the net offer to public)	At least 14,782,000 Equity Shares (Allocation on a proportionate basis)
In case of Under-subscription in the Qualified Institutional Buyers portion the same shall not be available to other categories and full subscription monies shall be refunded. Under-subscription, if any, in the Non Institutional portion and Retail Portion shall be allowed to be met with spill over from the other categories, at the sole discretion of the Company and LM.	
Equity Shares outstanding prior to the Issue	39,200,000 Equity Shares
Equity Shares outstanding after the Issue	76,320,000 Equity Shares
Use of proceeds	The net proceeds of the issue will be used by the company for part financing the proposed Project.
	For further details of the Object of the issue, refer to page no. 18 of this Prospectus.

SUMMARY OF FINANCIAL AND OPERATING INFORMATION

The summary of financial and operating information presented below should be read in conjunction with the Financial Statements, the notes thereto included in the "Financial Statements" and "Management' Discussion and Analysis of Financial Condition and Results of Operations" on page no. 85 and 87 respectively in the Prospectus.

SUMMARY OF ASSETS & LIABILITIES AS RESTATED

(Rs. in lacs)

Particulars	As at	
	31.03.2005	30.09.2005
Fixed Assets:		
Gross Block	218.53	4,319.67
Less: Depreciation	0.10	8.20
Net Block	218.43	4,311.47
Less: Revaluation Reserve	—	—
Net Block after adjustment for Revaluation Reserve	**218.43**	**4,311.47**
Capital work-in progress	253.21	304.26
Pre-operative Expenses (Pending Allocation)	20.71	76.40
Total Fixed Assets (A)	**492.35**	**4,692.13**
Current Assets, loans and Advances:		
Inventories	—	—
Sundry Debtors	—	—
Cash & Bank Balances	576.75	108.92
Loans and Advances	0.40	1,938.29
Total (B)	**577.15**	**2,047.21**
Liabilities and Provisions:		
Secured Loans	—	752.26
Unsecured Loans	—	1,000.00
Current Liabilities and Provisions	3.27	493.35
Deferred Tax Liability	—	—
Total (C)	**3.27**	**2,245.61**
Net worth (A+B-C)	**1,066.23**	**4,493.73**
Represented by		
Share Capital	470.00	3,120.00
Share Application Money	600.00	1,400.00
Equity (E)	1,070.00	4,520.00
Reserves	—	—
Less Revaluation Reserve	—	—
Reserves (Net of Revaluation Reserves) (F)	**—**	**—**
Miscellaneous Expenditure (To the extent not written off (G)	**3.77**	**26.27**
Net Worth (E+F-G)	**1,066.23**	**4,493.73**

GENERAL INFORMATION

GALLANTT METAL LIMITED

Registered Office: "Centre Point", 21, Hemant Basu Sarani, 3rd floor, Room No.. 306, Kolkata- 700 001, India.
Tel.:(033) 30288500-06, Fax: (033) 30288499E-mail: gml@gallantt.com
Website:www.gallantt.com

Company Registration No.-21-101553 **Registrar of Companies:** West Bengal Nizam Palace, 2nd MSO Building, 2nd floor 234/4, A. J. C. Bose Road Kolkata-700020, India

BOARD OF DIRECTORS OF THE COMPANY

Name of the Director	Designation
Shri. Chandra Prakash Agrawal	Chairman and Managing Director
Shri. Nitin Kandoi	Whole time Director
Shri. Dinesh R. Agarwal	Whole time Director
Shri. Sushil kumar Agrawal	Non Executive Independent Director
Shri. Rajesh Jain	Non Executive Independent Director
Shri. J.N. Dey	Non Executive Independent Director

For details of Board of Directors please refer page no. 68 of this Prospectus

Brief Details of the Chairman and Managing Director, Executive Directors

Shri. Chandra Prakash Agrawal, CMD and one of the core promoters of the Company has an overall experience of 18 years including 10 years of experience in steel industry. Shri Agrawal has been associated with M/s. Govind Mill Limited, a company having induction furnace, rolling mill for rolling steel products and flour mills. He is heading the General Administration & Finance of GML.

Shri. Nitin Kandoi, a B.Com graduate, aged 33 years is the Director and one of the promoters. He has about 10 years of experience in the steel Industry and is in charge of the factory operations of GML. He was looking after the operations of steel division of Govind Mills Limited one of the group companies.

Shri. Dinesh Kumar Agarwal aged 38 years is the Director and one of the promoters of the Company. He has a total of 17 years of experience in textiles sector. Over the years he has gained experience in yarn dyeing and printing. He would be looking after marketing, accounts and liasioning of the Company. He was also the CMD of Kadodara Power Pvt. Ltd looking after the commissioning of 2.43 MW of CNG based Captive Power Plant for a group of five best Process Houses of Surat in vicinity of GLPL.

COMPANY SECRETARY CUM COMPLIANCE OFFICER

Mr. Rajesh Upadhyaya
"Centre Point", 21, Hemant Basu Sarani,
3rd floor, Room No.. 306,
Kolkata- 700 001, India.
Tel.:(033) 30288500-06
Fax: (033) 30288499
E-mail: gml@ricmail.com

LEGAL ADVISOR TO THE ISSUE

Mukherjee Agarwalla & Co.
7C, Kiran Shankar Roy Road
Hasting Chamber
Ground Floor, Room No. –GQ
Kolkata- 700 001
Tel: (033) 22133001/02

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, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

BANKERS TO THE COMPANY

State Bank of India
CAG Branch,
58, Shrimall Society,
Navrangpura, Ahmedabad 380 009
Tel- 91-79- 26561044/1045
Fax- 91-79-26561178/1128

Bank of Baroda
CFS Branch,
2nd floor, 57, Shrimali Society,
Ahmedabad 380 009
Tel- 91-79- 26565221/1779
Fax- 91-79- 26560008

State Bank of Indore
Commercial Branch,
Mittal Court, "B" Wing,
Ground Floor,
Nariman Point, Mumbai 400 021
Tel- 91-22- 22821527/1558
Fax- 91-22- 22835735

State Bank of Hyderabad
Pushpak Apartment,
Malaviya Road, Vile-parle (East),
Mumbai- 400 057
Tel- 91-22- 26147669/ 26186919
Fax- 91-22- 26170067

State Bank of Mysore
Shanti Ratna Building,
Panchavati Circle, Ahmedabad
Telefax- 91-79- 26447640

UCO Bank
Plot No. 6 & 7,
Sector 9, Gandhidham,
Kutch- 370 201
Telefax- 91-2836- 220585

State Bank of Travancore
Ground Floor, :Kaivanna",
Ambawadi Ellisbridge,
Ahmedabad- 380 006
Tel- 91-79- 26446246/6248
Fax- 91-79- 26569972

State Bank of Patiala
Vasupujya Chambers,
Nr. Income Tax Ashram Road,
Ahmedabad 380 014
Tel- 91-79- 27542432
Fax- 91-79- 27541812

ICICI Bank
20 Sir. R. N. Mukherjee Road,
Rasoi Court
Kolkata-700 001
Tel-91-33-22429104
Fax-91-33-22439111

HDFC Bank
Rabindranath Tagore Road,
Gandhidham, Kutch
Telefax-91-2836- 233801

LEAD MANAGER

Anand Rathi Securities Pvt Ltd
54-55, Mittal Court 'B',
Nariman Point,
Mumbai – 400 021
Contact Person: Mr. Sunny Agrawal
Tel: 91-22-22871388
Fax: 91-22-22835131
E-mail: gallantt@rathi.com
Web site: www.rathi.com

REGISTRAR TO THE ISSUE

Niche Technologies Pvt. Ltd.
D-511, Bagree Market,
71, B.R.B.Basu Road,
Kolkata – 700 001
Tel: 91-33-22357270/7271
Fax: 91-33-22156823
Contact Person: Mr. S. Abbas
E-mail: gml@nichetechpl.com
Web site: www.nichetechpl.com

BANKERS TO THE ISSUE

ICICI Bank Limited
Capital Markets Division
30, Mumbai Samachar Marg,
Mumbai 400 001
Tel: 91-22-22655285
Fax: 91-22-22611138

HDFC Bank
2nd Floor, Trade World,
New Building, Kamala Mills,
Senapati Bapat Marg,
Lower Parel, Mumbai 400 013
Tel: 91-22-24988484
Fax: 91-22-24963871

BROKERS TO THE ISSUE

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

AUDITORS TO THE COMPANY

A.K. Meharia & Associates
2 Garstin Place, 5th Floor,
Kolkata- 700 001
Telefax- 91-33- 22434659/4660

CREDIT RATING

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

MONITORING AGENCY

SBI has been appointed to act as the monitoring agency to monitor the utilization of the issue proceeds of the public issue.

TRUSTEE

This being an Issue of Equity Shares, appointment of Trustee is not required.

UNDERWRITERS TO THE ISSUE

The Company intends to get the issue fully underwritten

Name and Address of the Underwriter	Date of agreement	Amount Underwritten (Rs. Lacs)
Anand Rathi Securities Pvt Ltd J.K Somani Building, 3rd Floor British Hotel Lane Bomay Samachar Marg Fort, Mumbai – 400 023 Tel: 91-22-56377000 Fax: 91-22-56377070 E-mail: gallantt@rathi.com Web site: www.rathi.com	February 17, 2006	3112.00

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement has been accepted by the Board of Directors of the Company at their meeting held on February 17, 2006 and our Company has issued letters of acceptance to the Underwriters.

In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure / subscribe to the extent of the defaulted amount.

APPRAISING ENTITIES

The following agency has done the financial appraisal of the project.

State Bank Of India
58, Shreemali Society,
Navrangpura
Ahmedabad-380009
Tel- 91-79- 26561044/1045
Fax- 91-79-26561178/1128

Month of the Appraisal Report- 30 July, 2005

SBI Capital Markets Limited
202, Maker Tower "E", Cuffe Parade,
Mumbai – 400 005
Tel- 91-22-22189166-69
Fax- 91-22-22188332

Month of the Appraisal Report- June, 2005

A. CAPITAL STRUCTURE

Share capital as at the date of filing of the Prospectus with SEBI (before and after the Issue) is set forth below.

(Rs. In lacs, except share data)

	Share Capital	Nominal Value	Aggregate Value
A.	**Authorized Capital**		
	80,000,000 Equity Shares of Rs. 10 each	8,000.00	
B.	**Issued, Subscribed and Paid Up Capital**		
	39,200,000 Equity Shares of Rs 10/- each fully paid up	3,920.00	3,920.00
C.	**Present Issue**		
	37,120,000 Equity Shares of Rs 10/- each	3,712.00	3,712.00
I	**Out of Which**		
	a) 6,000,000 Equity Shares of Rs. 10/- each as Promoter and Promoter's Group Contribution	600.00	600.00
	b) 1,556,000 Reserved for Employees Equity Shares of Rs. 10/- each fully paid up	155.60	155.60
II	**Net Offer to the Public**		
	29,564,000 Equity Shares of Rs 10/- each	2,956.40	2,956.40
	a) Out of Which 10% to be compulsorily allotted to QIB's 2,956,400 Equity Shares of Rs 10/- each	295.64	295.64
	b) Remaining to all other categories of Public 26,607,600 Equity Shares of Rs 10/- each	2,660.76	2,660.76
D.	**Paid Up Share Capital After Issue**		
	76,320,000.0 Equity Shares of Rs 10/- each	7,632.00	7,632.00
E.	**SHARE PREMIUM ACCOUNT**		
	Before the Issue		0
	After the Issue		0

NOTES FORMING PART OF THE CAPITAL STRUCTURE

1. Details of the increase in authorised capital

Sr. No.	Particulars of Increase	Date of Meeting in which the resolution was passed
1	Rs. 5 Crores	Incorporation
2	From Rs. 5 Crores to Rs. 30 Crores	15th April, 2005
3	From Rs. 30 Crores to Rs. 50 Crores	22nd August, 2005
4	From Rs. 50 Crores to Rs. 80 Crores	25th October, 2005

The current authorised capital is sufficient to meet the requirement of the fresh issue

2. The existing share capital of the company has been subscribed and allotted as under

Date of Allotment/ made fully paid up	Number of equity shares	Face Value (Rs)	Issue Price (Rs)	Consideration (Cash, bonus, other than cash)	Remarks	No. of Equity Shares (Cumulative)	Paid up Equity Capital (Rs)
08/02/2005	50,000	10/-	10/-	Cash	Allottment to the Subscribers to the Memorandum	50,000	500,000
31/03/2005	4,650,000	10/-	10/-	Cash	Allottment to Promoter Group and PACs	4,700,000	47,000,000
30/04/2005	23,570,000	10/-	10/-	Cash	Allottment to Promoter Group and PACs	28,270,000	282,700,000
31/08/2005	2,930,000	10/-	10/-	Cash	Further Allotment to Promoter Group and PAC's	31,200,000	312,000,000
30/11/2005	8,000,000	10/-	10/-	Cash	Further Allotment to Promoter Group and PAC's	39,200,000	392,000,000

3. The Pre-issue and Proposed Post Issue Share Holding Pattern of Gallantt Metal Limited is as under:

Category	Pre-Issue		Post-Issue	
	No. of Shares	% Holding	No. of Shares	% Holding
Promoter Group	25,842,500	65.92%	31,842,500	41.72%
Person's Acting in Concert	13,357,500	34.08%	13,357,500	17.50%
Total	**39,200,000**	**100.00%**	**45,200,000**	**59.22%**
Employees of the Company	0	0.00%	1,556,000	2.04%
QIB	0	0.00%	2,956,400	3.87%
Public	0	0.00%	26,607,600	34.86%
Total	**39,200,000**	**100.00%**	**76,320,000**	**100.00%**

4. **Pre-issue and post issue share holding pattern of the promoters' group and PACs**

Sr. No	Name of Shareholder	Pre Issue		Post Issue	
		No. of Shares	% Holding	No. of Shares	% Holding
	PROMOTERS' GROUP				
	Promoters (A)				
1	P.B. Merchantile Pvt. Ltd	14,650,000	37.37%	14,650,000	19.20%
2	Chandra Prakash Agarwal	300,000	0.77%	300,000	0.39%
3	Dinesh R. Agarwal	210,000	0.54%	210,000	0.28%
4	Nitin Kandoi	10,500	0.03%	10,500	0.01%
	Sub Total (A)	**15,170,500**	**38.70%**	**15,170,500**	**19.88%**
	Relatives of Promoters (B)				
1	Chandra Prakash Agarwal (HUF)	700,000	1.79%	700,000	0.92%
2	Santosh Kumar Agarwal (HUF)	600,000	1.53%	600,000	0.79%
3	Sumesh Kumar Agarwal	500,000	1.28%	500,000	0.66%
4	Ashutosh Agarwal	400,000	1.02%	400,000	0.52%
5	Mayank Agarwal	350,000	0.89%	350,000	0.46%
6	Prem Prakash Agarwal	350,000	0.89%	350,000	0.46%
7	Santosh Kumar Agarwal	350,000	0.89%	350,000	0.46%
8	Uma Agarwal	350,000	0.89%	350,000	0.46%
9	Prem Prakash Agarwal (HUF)	260,000	0.66%	260,000	0.34%
10	Shyama Agarwal	190,000	0.48%	190,000	0.25%
11	Priya Agarwal	149,500	0.38%	149,500	0.20%
	Sub Total (B)	**4,199,500**	**10.71%**	**4,199,500**	**5.50%**
	Bodies Corporates (c)				
1	Ganesh Laxmi Steels Pvt. Ltd	6,000,000	15.31%	6,000,000	7.86%
2	Gallantt Ispat Ltd.	10,000	0.03%	10,000	0.01%
	Sub Total (C)	**6,010,000**	**15.33%**	**6,010,000**	**7.87%**
	Friends and Associates (D)				
1	Rajiv Kumar Jain	100,000	0.26%	100,000	0.13%
2	Mahesh Kumar Gupta (HUF)	90,000	0.23%	90,000	0.12%
3	Meera Devi Agarwal	90,000	0.23%	90,000	0.12%
4	Anu Gupta	70,000	0.18%	70,000	0.09%
5	Purshotam Das Hisariya (HUF)	50,000	0.13%	50,000	0.07%
6	Uma Devi Hisariya	50,000	0.13%	50,000	0.07%
7	Kavita Gupta	5,000	0.01%	5,000	0.01%
8	Manish Jajoo	5,000	0.01%	5,000	0.01%
9	Gauri Shankar Agarwal	2,500	0.01%	2,500	0.00%
	Sub Total (D)	**462,500**	**1.18%**	**462,500**	**0.61%**
	Others (Pending Allotment) (E)	-	-	6,000,000	7.86%
	PROMOTERS' GROUP (A+B+C+D+E)	**25,842,500**	**65.92%**	**31,842,500**	**41.72%**

Sr. No	Name of Shareholder	Pre Issue		Post Issue	
		No. of Shares	% Holding	No. of Shares	% Holding
	PERSON'S ACTING IN CONCERT (PACs) (F)				
1	Hippolin Commerce Pvt. Ltd	2,050,000	5.23%	2,050,000	2.69%
2	Charvi Alloys Pvt. Ltd	1,000,000	2.55%	1,000,000	1.31%
3	Gorakhpur Petro Oils Ltd	1,000,000	2.55%	1,000,000	1.31%
4	Sharda Tradelinks Pvt. Ltd	750,000	1.91%	750,000	0.98%
5	Aruna Traders pvt. Ltd	500,000	1.28%	500,000	0.66%
6	Delight Sales Pvt. Ltd	500,000	1.28%	500,000	0.66%
7	Evershine Tie-up Pv.Ltd	500,000	1.28%	500,000	0.66%
8	Grower Distributors Pvt. Ltd	500,000	1.28%	500,000	0.66%
9	Kirti Tracon Pvt. Ltd	500,000	1.28%	500,000	0.66%
10	Laziz Marketing pvt. Ltd	500,000	1.28%	500,000	0.66%
11	Subhlaxmi Projects Ltd	450,000	1.15%	450,000	0.59%
12	Thirdwave Agencies Pvt. Ltd	450,000	1.15%	450,000	0.59%
13	Arihant Mangal Securities Pvt. Ltd	400,000	1.02%	400,000	0.52%
14	Blackpool Distributors Pvt. Ltd	400,000	1.02%	400,000	0.52%
15	Expresso Tie-up Pvt. Ltd	400,000	1.02%	400,000	0.52%
16	Gitabali Merchant Pvt. Ltd	400,000	1.02%	400,000	0.52%
17	Morgan Financial services Pvt. Ltd	400,000	1.02%	400,000	0.52%
18	Shefali Goods Pvt. LTd	400,000	1.02%	400,000	0.52%
19	Ujjal Merchandise Pvt. Ltd	400,000	1.02%	400,000	0.52%
20	Astrol Dealcom pvt. Ltd	300,000	0.77%	300,000	0.39%
21	Britex Financial Services Pvt. Ltd	300,000	0.77%	300,000	0.39%
22	Gokul Dealers Pvt. Ltd	240,000	0.61%	240,000	0.31%
23	Drishti Tradelink Pvt. Ltd	200,000	0.51%	200,000	0.26%
24	Orde Management Pvt. Ltd	200,000	0.51%	200,000	0.26%
25	Princeton Comtrade Pvt. Ltd	200,000	0.51%	200,000	0.26%
26	Sterlite Dealcom pvt. Ltd	200,000	0.51%	200,000	0.26%
27	Allied Vinimay pvt. Ltd	150,000	0.38%	150,000	0.20%
28	Utsav Merchants Pvt. Ltd.	37,500	0.10%	37,500	0.05%
29	Paramount Vyapaar pvt. Ltd	30,000	0.08%	30,000	0.04%
	Shareholding of PACs (F)	**13,357,500**	**34.08%**	**13,357,500**	**17.50%**
	Total (A+B+C+D+E+F)	**39,200,000**	**100.00%**	**45,200,000**	**59.22%**

5. Participation by the Promoter's Group

Name of the Participant	No. of Shares to be Allotted	Face Value	Issue Price	% of Post issue	Lock in period (in years)
Promoter's Group	6,000,000	10	10	7.86%	1
Total	**6,000,000**				

Note: Out of the present issue, as per the terms of Clause 4.9.1 of the SEBI DIP Guidelines, 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 promoters/promoter group has already brought the money and it appears as 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, which ever is later.

6. Lock in of Minimum Promoters Contribution

Name	Date of Allotment	Conside-ration	No. of Shares	Face Value	Issue Price	% of Post issue	Lock in period
P.B. Mercantiles Pvt. Ltd	30/04/2005	Cash	5,650,000	10	10	7.40%	3 Years
	31/08/2005	Cash	700,000	10	10	0.92%	3 Years
	30/11/2005	Cash	2,950,000	10	10	3.87%	3 Years
Sub Total (A)			**9,300,000**			**12.19%**	
Chandra Prakash Agarwal	30/04/2005	Cash	290,000			0.38%	3 Years
Sub Total (B)			**290,000**			**0.38%**	
Ganesh Laxmi Steels	30/04/2005	Cash	710,000	10	10	0.93%	3 Years
Pvt. Ltd	30/11/2005	Cash	5,000,000	10	10	6.55%	3 Years
Sub Total (C)			**5,710,000**			**7.48%**	
Total (A+B+C)			**15,300,000**			**20.05%**	

Note:

1. Other than the above equity shares which are locked in for three years from the date of allotment in the public issue or from date of commercial production whichever is later, the entire pre-issue capital of Gallantt (29,900,000 Equity Shares) shall be locked in for a period of one year from the date of allotment in the public issue or from date of commercial production whichever is later.

2. In case the final allotment of shares exceeds 31,120,000 shares on account of rounding off to the nearest integer as decided at the time of allotment, the number of shares to be locked in for 3 years shall be calculated on the increased allotted share capital.

The above promoters and promoter group have given their consent for lock in as stated above. Shares issued last shall be locked in first. The entire pre-issue capital, other than that locked in as minimum promoters contribution shall be locked in for a period of one year, which is 29,900,000 equity shares, from the date of allotment in the public issue or from date of commercial production whichever is later.

The promoters' contribution brought-in is not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies.

The lock in period shall commence from the date of commercial production or allotment of shares in the public issue, which ever is later.

Shares held by the person other than the promoters, prior to Initial Public Offering, which are subject to lock in as per extant SEBI (DIP) Guidelines, may be transferred to any other person holding shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

The shares held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares may be transferred amongst Promoter/Promoter group or to a new Promoter or persons in control to of the Company, subject to continuation of lock-in in the hand of the transferees for the remaining period and compliance of SEBI (Substantial Acquistion pf Shares and Takeover) Regulations, 1997 as applicable.

7. The following Director of Promoter, where the promoter is a Company, hold shares in the Issuer Company as follows:

P. B. Mercantiles Pvt. Ltd

Director	No. of Shares
Shri. Nitin Kandoi	10,500

8. Equity Shares held by top ten shareholders

a) The details of top ten shareholders and the Equity shares held by them on the date of filing the Prospectus with Board are as follows:

Sr. No.	Name	No. of shares held	% shareholding
1	P. B. Mercantiles P. Ltd.	14,650,000	37.37%
2	Ganesh Laxmi Steels Pvt. Ltd.	6,000,000	15.31%
3	Hippolin Commerce P. Ltd.	2,050,000	5.23%
4	Charvi Alloys P. Ltd.	1,000,000	2.55%
5	Gorakhpur Petro Oils Ltd.	1,000,000	2.55%
6	Sharda Trade Links P. Ltd.	750,000	1.91%
7	Chandra Prakash Agrawal-HUF	700,000	1.79%
8	Santosh Kumar Agrawal-HUF	600,000	1.53%
9	Sumesh Kumar Agrawal	500,000	1.28%
10	Aruna Trader Pvt. Ltd	500,000	1.28%

b) The details of top ten shareholders and Shares held by them ten days prior to the date of filing the Prospectus with Board are as follows:

Sr. No.	Name	No. of shares held	% shareholding
1	P. B. Mercantiles P. Ltd.	14,650,000	37.37%
2	Ganesh Laxmi Steels Pvt. Ltd.	6,000,000	15.31%
3	Hippolin Commerce P. Ltd.	2,050,000	5.23%
4	Charvi Alloys P. Ltd.	1,000,000	2.55%
5	Gorakhpur Petro Oils Ltd.	1,000,000	2.55%
6	Sharda Trade Links P. Ltd.	750,000	1.91%
7	Chandra Prakash Agrawal-HUF	700,000	1.79%
8	Santosh Kumar Agrawal-HUF	600,000	1.53%
9	Sumesh Kumar Agrawal	500,000	1.28%
10	Aruna Trader Pvt. Ltd	500,000	1.28%

Note: As the Company has been incorporated only in 2005, there will is no shareholders data for 2 years prior the date of filing the Prospectus with Board.

9. **Details of Shares purchased or sold by the promoters group and the directors of the promoter during a period of six months preceding the date on which the Prospectus is filed with the Board**

Date of Purchase	Name of the Buyer	Name of the Seller	No.of Shares	Issue Price
21/10/2005	Nitin Kandoi	Madhu Agrawal	10,000	10

10. Neither the Company, its promoters, its Directors, nor the LM have entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company offered through this Prospectus.

11. The Company had obtained the bridge loans of Rs. 1,000 lacs against the sanctioned term loans from State Bank Of India, which was subsequently repaid. Thus, at present there are no outstanding bridge loans.

12. The securities offered through this public issue will be made fully paid up or forfeited within 12 months from date of allotment in the manner specified in clause 8.6.2 of the SEBI Guidelines.

13. The company shall not make further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue, or pubic issue or otherwise during the period commencing from the submission of offer document to the Board on behalf of the Company for this public issue, till the securities offered to in the said document have been listed or the application moneys refunded on account of non-listing or under-subscription, etc

14. The company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the 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 Equity Shares) whether preferential or otherwise, except that the company may issue options to its employee pursuant to any employee stock option plan, or if the company goes for acquisitions and joint ventures it might consider raising additional capital to fund such activity or use share as currency for acquisition and/or participation in such joint venture.

15. The company has not issued any Equity shares out of revaluation reserves or for consideration other than cash.

16. At any given point of time, there shall be only one denomination for the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

17. The company has 56 (Fifty Six) members as on the date of filing of the Prospectus with SEBI.

18. There are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relatives, their group Companies or associates or by the above entities directly or indirectly to other persons.

19. The shareholders of the Company do not hold any warrant, option or convertible loan or any debentures, which would entitle them to acquire further shares of the Company.

20. Written consent for lock-in has been obtained from the persons whose shares form part of promoters' contribution and form part of lock in.

21. The equity shares to be held by the Promoters, their relatives & associates under the lock-in period shall not be sold / hypothecated / transferred during the lock-in period. However, inter se transfers between the promoters themselves as such would be permitted, provided that the requirement of lock-in period guidelines continues to apply, to the extent initially prescribed.

22. An applicant in the net public category cannot make an application for a number of securities, which exceeds the net offer to the Public.

23. In case of reserved categories, a single applicant in the reserved category can make an application for a number of securities, which exceeds the reservation.

24. The unsubscribed portion in any reserved category may be added to any other reserved category interchangeably. The unsubscribed portion does not include minimum reserved for the QIB category as per the requirements of Clause 2.2.2 of DIP Guidelines.

25. Under subscription if any in the reservation category shall be added back to the net offer to the public portion. Under-subscription, if any, in the Non- institutional portion and Retail Portion shall be allowed to be met with spillover from the other categories, at the sole discretion of the Company and LM. In case of Under-subscription in the Qualified Institutional Buyers portion (i.e. subscription less than 10% mandatory of the net offer to the public), the same shall not be available to other categories and full subscription monies shall be refunded.

26. An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearest multiple of minimum allotment lot.

27. As on the date of this Prospectus, there are no outstanding warrants, options or right to convert debentures, loans or other financial instruments into our Equity Shares

28. In case of under-subscripton in the employee reservation category the unsubscribed portion shall be added back to either the Non-Institutional Portion and Retail Individual Portion at the discretion of LM and the Company.

29. Shares held by the person other than the promoters, prior to Initial Public Offering, which are subject to lock in as per extant SEBI (DIP) Guidelines, may be transferred to any other person holding shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

30. Shares held by promoter(s) which are locked in as per the relevant provisions of Chapter IV of the SEBI (DIP) Guidelines, may be transferred to and amongst promoter/ promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

31. QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details please refer to the section titled "Terms of the Issue" on page no 29 of this Prospectus.

32. Restrictive Covenants in the Common Loan agreement from Consortium Banks headed by SBI

    The Common Loan Agreement dated October 19, 2005 issued by Consortium Banks for a fund based limit of Rs. 1,14,50,00,000 (Rupees One Hundred Fourteen Crores and Fifty Lacs Only) against a first priority mortgage and charge over all the fixed assets both present and future (for detail refer page no. 93 of this Prospectus), contains the following restrictive covenants on the Company, during the currency of the facility, wherein the Company shall not, without the prior consent of the banks in writing:

    - Undertake any new project, diversification, modernization or substantial expansion of the Project.
    - Effect any change in the Company's capital structure including increase, reduction, purchase, buy-back, re-organization, or otherwise of its authorized, issued, subscribed or paid-up capital.
    - Create, incur, assume or suffer to exist any Security Interest upon or with respect to any property or revenue or assets (real, personal, tangible or intangible) whether now owned or hereafter acquired.
    - Issue any debentures or contract, create, incur, assume or suffer any Indebtedness, except Permitted Indebtedness.
    - Provide guarantees, indemnities or similar assurances in respect of indebtedness of any other person, other than guarantees, indemnities or similar assurances required under any Transaction Document or trade guarantees given in the ordinary course of business.
    - Convey, sell, lease, transfer or assign or otherwise dispose of (or agree to any of the foregoing) all or any part of its properties or assets or right, title or interest to or in any property or assets except in the ordinary course of business.
    - Form or create any subsidiary or permit any company to become its subsidiary or own any equity interest in or lend money or credit or make deposits or advances to any Person for purchase or acquisition of equity interests or make capital contribution to or acquire all or substantially all of the assets of any other Person.
    - Disinvest or dispose of its shareholding in any subsidiaries permitted to be created.
    - Wind-up, liquidate or dissolve its affairs
    - Enter into any transaction or scheme for the amalgamation, merger, de-merger, arrangement, reconstruction, consolidation or reorganization.
    - Enter into any management contract or similar arrangement or make any drastic change in its management.
    - Allow withdrawing any contribution/ monies brought in by the Promoters Shareholders or directors.

- Agree, authorise or consent to any proposed settlement, resolution or compromise of any litigation, arbitration or dispute with any Person.
- Enter into borrowing arrangements, either secured or unsecured, with any other bank or financial institution, except for the arranged as part of means of finance of the project and for meeting its working capital requirements and such additional financing arranged to meet any cost overruns as mentioned in this Agreement.
- Pay any dividend or interest on Equity at any time during the currency of this Agreement prior to payment of the principal, interest and other charges that have become due and payable to the Banks under this Agreement except out of profits relating to that year and after making all due provisions under applicable law.
- Allow its ratio of Current Assets to Current Liability to fall below 1.25:1.
- Allow its Ratio of Total Outside Liability to Tangible Net Worth to exceed 2.50:1.
- Allow to fall its interest coverage ration below 2.50:1.
- Allow its Debt to Equity Ratio to exceed 1.50:1.

OBJECTS OF THE ISSUE

The net proceeds of this Issue after deduction of Underwriting and Management fees, Selling fees and all other Issue related expenses payable by us is estimated at Rs 3540 lacs. We intend to utilize the entire net proceeds of this Issue towards part funding of our proposed Integrated Steel Plant at Kutch, Gujarat. In case of surplus if any, the same shall be utilised for general corporate purpose.

The Company intends to utilize the proceeds of this Issue towards the following purposes:

1. To part finance the integrated Steel Plant consisting of the following modules:

PHASE I	PHASE II
Sponge Iron plant with a capacity of 99,000 MTPA	18 MW Captive Power Plant
M.S Billets with a capacity of 1,76,420 MTPA	
Re- Rolled Products with a capacity of 1,68,300 MTPA	

2. To meet the working capital requirements
3. To utilise funds for general corporate purposes.

   The general corporate purpose also includes the repayment of any unsecured loans raised, if any, for the purpose of the proposed project, which will be repaid from the proceeds of the Public Issue
4. To meet the public issue related expenses.

The other object of the issue is to get the Shares listed on Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE).

The main object clause and objects incidental or ancillary to the main object clause of the Memorandum of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are being raised through the present issue. We, further confirm, that the activities of the company carried out until now are in accordance with the object of the Memorandum of Association of the company.

Integrated Steel Plant

The company is setting up a Green field project at Samakhyali, Taluka: Bachau, Kutch, Gujarat. . The cost of the project is estimated to at Rs. 19,082 lacs. The various modules of the project, their individual capacities and their current status are given below.

Module	Particulars	Capacity	UoM	Cost (Rs. Lacs)
Phase I				
1	Sponge Iron Plant consisting of (3 Kilns of 100 TPD)	99000	MTPA	2,955
2	Steel Melt Shop: M.S. Billets (3- Induction Furnace each with 15 MT continuous caster)	176420	MTPA	2,012
3	Re-Rolled Products	168300	MTPA	1,951
4	Common Costs including Land, Bldg, Site Devlpt, Misc. Fixed Assets and Soft Costs including Margin for Working Capital, Pre-operative Expenses (Including Public issue expenses), etc.			4,383
	Sub Total (A)			**11,301**
Phase II				
1	Captive Power Plant[1]	18	MW	7,781
	Sub Total (B)			**7,781**
	Total Project Cost (A) +(B)			**19,082**

Phase-I commercial operations have started from December 29, 2005. The proceeds of the issue shall be entirely used to fund the Phase II of the project, which would be operational by October 2006

[1]The project has been appraised by State Bank of India, where the Project comprised the setting up of 18 MW Captive Power Plant using lignite. However subsequent to the submission of its Appraisal report and sanction of Term Loan, the Company was approached by Hira Ferro Alloys Limited, Raipur (HFAL) who offered the transfer of the equipments already ordered by its group company, Sagar Energy & Steels Ltd. (SESL), for setting up of 25 MW Power Generation Plant using Coal, to the Company. However, if the same is operated using lignite it will generate 18 MW of power only and the Company proposes to operate it using lignite only.

This 25 MW Turbine designed for Coal-based Power Plant was found technically and economically fit by the Company to generate 18 MW power if lignite is used as fuel. Additionally, such arrangement was also within the estimated costs of the CPP stated in the report.

Thus, they entered in to the tripartite agreement with SESL and HFAL to get the transfer of all the items/equipments ordered and for which advances had been paid by SESL to the Suppliers, directly to the Company at the same price. HFAL is acting only as an intermediate for the said transaction and as a technical advisor for setting of the same. The Company has agreed to pay Rs.2 crores to Hira Ferro Alloys Ltd. for these services.

Subsequently, the Company has got all the orders and advances transferred in its name from all the Suppliers and have reimbursed these amounts to SESL as per terms of the above agreement. The Company has also paid a sum of Rs.1 crore as part payment of the above arrangement.

FUNDING REQUIREMENT AND MEANS OF FINANCE

The break up of the Project cost under the various heads has been estimated as under: (As per the Appraisal report)

(Rs. In lacs)

Sr. No.	Particulars	Sponge Iron Division	Billet Division	Re-Rolling Mill	Common	Project Cost Phase - I	Power Plant	Project Cost Phase - II	Grand Total
1	Land	-	-	-	213	213	-	-	213
2	Site Development	-	-	221	221	-	-	-	221
3	Buildings	324	554	312	100	1,290	750	750	2,040
4	Plant & Machinery	1,767	1,101	1,118	-	3,986	5,840	5,840	9,826
5	Misc Fixed Assets	864	357	521	1,786	3,528	578	578	4,106
6	Preliminary & Pre-operative Exps.	-	-	-	376	376	-	-	376
7	Contingencies	-	-	-	144	144	358	358	502
8	Interest during construction period	-	-	-	170	170	255	255	425
9	Margin For Working Capital	-	-	-	1,373	1,373	-	-	1,373
	Project Cost	**2,955**	**2,012**	**1,951**	**4,383**	**11,301**	**7,781**	**7,781**	**19,082**

MAJOR COST HEADS

Land & Site Development

The Project is being set-up at Vill. Sama Khayali, Tal: Bachau, Kutch , Gujarat. GML has acquired about 122 acres of land from various parties at a total cost of Rs. 213 lacs including registration and stamp duty expenses. The cost of site development is estimated at Rs. 221 lacs which includes levelling/ development/ provision of culvert over deep drain and internal roads and compound walls etc.

Building & Civil Construction

The provision includes cost of construction of factory and non-factory buildings. It includes factory buildings for the Sponge iron unit of 10,387.50 sq.mt area, Billet division of 7,201 sq.mt area, Re-rolling division of 3,978 sq.mt area and captive power plant. In case of Rolling mill, cost of construction varies between Rs. 4500 per sq. mt to Rs. 6,500 per sq.mt. The range of cost varies depending upon the type of structure (RCC/ asbestors) and the height of buildings. Besides, a provision of Rs. 100 lacs has been made towards administrative buildings

PLANT & MACHINERY

Sponge Iron Unit – Rs 1,767 lacs

The provision includes cost of Iron ore Handling Equipments (Rs. 78.63 lacs) to be supplied by Moktali Engg. Co., Weigh Feeders (Rs. 71.68 lacs) to be supplied by Elecon Engg. Co. Ltd., Steel Fabrication of Kiln & cooler (Rs. 834.71 lacs) to be supplied by Walchand Industries Limited, Kiln Refractory and SS Anchors (Rs. 217.75 lacs) to be supplied by the Associated Cement Co. Ltd., Kiln & Cooler (Rs. 56.25 lacs) to be supplied by Elecon Engg. Co. Ltd. The other plant & machinery (Rs. 508.10 lacs) required for the sponge iron unit is proposed to be purchased from reputed suppliers by GML.

Billet Casting – Rs. 1,101 lacs

The provision includes cost of 5000 KW/ 150000 kg medium frequency induction melting furnace (Rs. 412.91 lacs) to be supplied by Electrotherm India Limited, EOT cranes of different capacities (Rs. 198.40 lacs), Ladle refining furnace (Rs. 49.60 lacs), Continuous billet casting machine (Rs. 173.60 lacs) to be supplied by Concast India Limited, Magnet for scrap charging and bailing press for scrap bundling (Rs. 60.76 lacs), The remaining plant & machinery (Rs. 206.00 lacs) required for Billet division is proposed to be purchased from reputed suppliers by GML.

Re- Rolling Mill – Rs 1,118 lacs

The provision includes cost of 460 mm roughing mill –3 Hi-1 stand (Rs. 179.30 lacs), 1st intermediate group 360 mm –2 Hi stands (Rs. 221.95 lacs), 2nd intermediate group 290/280 mm size 4 stands alt – 2 –Hi (Rs. 120.28 lacs), Finishing group – 260 MM – 2 HI (Rs. 94.11 lacs), TMT lines (Rs. 62 lacs). Other equipments related to rolling mill (Rs. 439.95 lacs). Entire plant & machinery related to rolling mill division will be supplied by M/s. Roll Mill Industries Limited, Noida. M/s Roll Mill Industries Limited, Noida are reputed manufacturers/ suppliers of Roll mill machinery and the machinery supplied by them has been successfully running in other units in the country.

Captive Power Plant – Rs 5,840 lacs

The provision includes cost of 10 TPH waste heat recovery Boiler & Auxiliaries (Rs. 1050 lacs), 65 TPH steam generators (Rs. 1150 lacs),25 MW extraction cum back pressure turbo generators (Rs. 1600 lacs), Coal and Ash handling system (Rs. 500 lacs), ACC (Rs. 900 lacs) and other plant & machineries (Rs. 640 lacs). GML has appointed M/s Avante Garde Engineers and Consultants Pvt. Limited as a consultant for the proposed Captive Power Plant. The cost of CPP has been worked out based on estimates provided by M/s Avante Garde Engineers and Consultants Pvt. Ltd.

MISCELLANEOUS FIXED ASSETS – Rs. 4,106 Lacs

Sponge Iron Division –Rs. 864 lacs

The provision includes cost of Pollution control equipments (Rs. 272.19 lacs) to be supplied by M/s. Thermax Limited, Variable Speed drive, PLC and SCADA, way feeder (Rs. 90.73 lacs, based on estimate), RCC chimney (Rs. 18.15 lacs) to be supplied by M/s Enviro abrasion Resistant Engg, and other assets comprising Power & instrumentation cables, Motors of various capacities, Piping etc (Rs. 483.26 lacs

Billet Division –Rs. 357 lacs

The provision includes cost of Rectifier Duty furnace transformer (Rs. 111.60 lacs) to be procured from Electrotherm India Limited, Pollution control equipments (Rs. 55.80 lacs) to be procured from Enviro abrasion resistant engg. Pvt. Ltd., other assets (Rs. 189.71 lacs) include refractory, Lab equipments, LT cable for pumps, cooling tower, workshop machinery, Auxiliary transformer etc.

Re-Rolling Division –Rs. 521 lacs

The provision includes cost of electricals comprising AC/ DC (11 nos.) motors for rolling mill (Rs. 309.99 lacs) to be supplied by Roll mill Industries Limited, Rolls of various sizes (Rs. 62 lacs) to be supplied by Roll mill Industries Limited, other fixed assets includes (Rs. 149.42 lacs) lab equipments, Transfer yard, LT/HT buser, Transformer, compressor etc.

Captive Power Plant -Rs. 578 lacs

The provision includes cost of various Cables (Rs.100 lacs), LT switchgear (Rs. 100 lacs), VFD panels (Rs. 125 lacs) and other fixed assets (Rs. 253 lacs). GML will finalise the suppliers of these assets in consultation with M/s. Avante Garde Engineers & Consultants Pvt. Ltd.

Other Misc. Fixed assets -Rs. 1,786 lacs (common for all projects)

The provision includes cost of D.G. Set of 2000 KVA & 9000 KVA (Rs. 647.62 lacs), GEB security deposit for power connection (Rs. 475 lacs), Electric sub station 66/11 KVA (Rs. 176.60 lacs), Transformer 22MW/66KV (Rs.128.43 lacs), Furnace Oil Storage Tank (Rs. 96.78 lacs), Water connection pipe lines (Rs. 40 lacs), Weighbridge of 100 ton capacity (Rs. 32.11 lacs), and other fixed assets (Rs. 189 lacs) includes dumpers, vehicles, Tractors, mobile cranes etc

CONTINGENCIES – Rs 502 lacs

Contingencies have been estimated at 3% (on non –firm cost) for Phase I and 5% (non-firm cost) for Phase II of the project. The total amount under contingencies works out to Rs 502 lacs.

PRELIMINARY & PRE OPERATIVE EXPENSES – RS. 376 LACS

The provision includes technical know how fees, upfront fees & commitment charges, financial consultancy and appraisal fees and other administrative expenses.

INTEREST DURING CONSTRUCTION – Rs 425 Lacs

Interest during construction has been calculated based on the capital expenditure schedule as estimated by the company.

WORKING CAPITAL MARGIN – Rs 1,373 lacs

The total working capital margin requirement of the project is estimated at Rs 1,373 lacs based on the company's first full year of operations.

(Rs In lacs)

Particulars	**Estimates for FY 2006-07**
Current Assets (Except Cash and Bank)	5,652
Less: Current Liabilities (Creditors)	161
Net Working Capital	**5,491**
Margin Money (25% of Net Working Capital)	1,373

MEANS OF FINANCE

The Project is proposed to be funded from Promoter's Contribution, Public Issue of equity shares, Term Loans from Bank and Financial Institutions. The proposed means of the finance for the Project is as under:

(Rs. In lacs.)

Particulars	Phase I	Phase II	Total
Promoters Contribution	4,520	-	4,520
Public Issue	-	3,112	3,112
Sub Total (Equity)	**4,520**	**3,112**	**7,632**
Debt (Banks/ Financial Institution)	6,781	4,669	11,450
Sub Total (Debt)	**6,781**	**4,669**	**11,450**
Total Project Cost	**11,301**	**7,781**	**19,082**

EQUITY

The total shareholders fund for the Project is estimated at Rs.7,632 lacs. This is proposed to be funded as follows:

Promoters Contribution

The promoters along with their group and associates have already brought in Rs. 4,520 Lacs as on September 30, 2005 through subscription to 45,200,000 equity shares of Face Value of Rs. 10 each at Rs. 10 each, out of which 6,000,000 equity shares are pending allotment. For details of the contribution by promoter group and others please refer to the note 3 to Capital Structure on page 10.

Public Issue

The company proposes to use net proceeds of the issue for funding its proposed Project and for meeting its working capital requirement. In case of surplus, the same shall be utilised for general corporate purpose and in case of deficit the same shall be funded through internal accruals.

INTERIM USE OF PROCEEDS

Pending any use as described above, the proceeds of the issue would be deposited in an Escrow account with SBI, which would be utilsed for the objects of the issue and interim investment of funds would be invested in fixed deposit in SBI.

WORKING CAPITAL AND TERM LOAN

As per means of finance, the rupee term loans requirement was estimated at Rs. 11,450 Lacs, (for Phase-I Rs.6,781 Lacs and Phase-II Rs.4,669 Lacs) from a consortium of banks to part finance the Project. As against the same, the Company has received sanction of term loans amounting to Rs.11,450 Lacs from a consortium of Banks. Working capital requirement for the Project will be for financing the current assets required for the operations of the unit. The current assets would include raw materials like iron ore, coal, dolomite etc, and stock- in –process, finished goods like TMT bars and sundry debtors and consumable stores and spares. The Company has already received sanction of Rs.4,118 lacs for the same from State Bank of India.

The details of the term loan and working capital loans sanctioned are as follows:

The entire debt component of the proposed project has been already tied up and the details of the various term loans sanctioned and disbursed by the Banks to us upto November 21, 2005 are as follows:

Term loans sanctioned by the consortium of banks

(Rs. In lacs.)

Sr. No.	Name of Bank	Amount of Term Loan Sanctioned for Phase I	Amount of Term Loan Sanctioned for Phase II	Total Amount Sanctioned	Date of Sanction	Amount Disbursed
1	State Bank of India (Appraiser)	3,000	2,000	5,000	19/10/2005	1,350
2	Bank of Baroda	1,050	700	1,750	19/10/2005	500
3	State Bank of Patiala	660	440	1,100	19/10/2005	300
4	State Bank of Travancore	450	300	750	19/10/2005	200
5	State Bank of Mysore	450	300	750	19/10/2005	200
6	State Bank of Hyderabad	450	300	750	19/10/2005	200
7	State Bank of Indore	450	300	750	19/10/2005	200
8	UCO Bank	360	240	600	19/10/2005	150
	Total	**6,870**	**4,580**	**11,450**		**3,100**

Working Capital Loans sanctioned by State Bank of India

Sr. No.	Name of Bank	Amount in Rs. Lacs	Date of Sanction
1	Fund Based		
a	Cash Credit/ Working Capital Demand Loan	4,118	22/08/2005
	Total (1)	**4,118**	
2	Non-fund Based		
a	Letters of Credit	1,700	22/08/2005
b	Bank Guarantees	800	22/08/2005
	Total (2)	**2,500**	
	Total (1+2)	**6,618**	

UNDERTAKING BY THE ISSUER COMPANY

Pursuant to Clause 2.8 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 the Company has made firm arrangements for the stated Means of Finance as follows:

(Rs in Lacs)

A	Total Means of Finance required	19,082.00
B	Amount to be raised through Public Issue	3,112.00
C	Amount excluding Public Issue	15,970.00
	Total @75% of (‘C)	**11,977.75**
A	Loan sanctioned from the consortium of banks, State Bank of India being the lead banker	11,450.00
B	Already Brought in By the Promoter Group	3,120.00
C	Share Application money brought in by the promoters, promoter group, Associates pending allotment	1,400.00
	Finance arranged through verifiable means	**15,970.00**

The Company hereby confirms that firm arrangements of finance through verifiable means towards 100% of the stated Means of Finance, excluding the amount to be raised through the proposed public issue have been made.

APPRAISAL

State Bank of India and SBI Capital Markets Limited have done the financial appraisal of the proposed project, and has given their consent for using the appraisal report and their name as the appraising agency in the Prospectus for this offering.

State Bank of India has sanctioned term loan of Rs.5,000 lacs on 19/10/2005.

The salient points and the areas of strength and weaknesses as mentioned in the Appraisal report of SBI Capital Markets Limited is reproduced below:

SWOT ANALYSIS

Strengths

Gallantt Metal Limited is incorporated with a view to set up a vertically integrated steel plant at Village Sama Khayali, Taluka Bachau, Kutch, Gujarat. This integrated steel plant comprises of Sponge Iron division with a capacity of 99,000 MTPA, M.S Billets with a capacity of 1,76,420 MTPA, Re-Rolled products (TMT Bars) with a capacity of 1,68,300 MTPA and a Captive Power Plant of 18 MW capacity.

- **Vertical Integration**

  The in-house consumption of entire Sponge Iron for manufacturing of billets, which would further be rolled into TMT bars along with installation of captive power plant utilising the waste heat from the sponge iron plant would improve the overall profitability of the project making it financially more viable. The integrated nature of the plant provides cushion against fluctuation in the supply and prices of inputs required for its Billet and Re-rolling division.

- **Captive Power Plant**

  The project envisages a 18 MW captive power plant, which would ensure uninterrupted power supply and would eliminate the dependence on the State Electricity Board to a large extent. Further, on account of the captive power plant, power would be available to the unit at a cheaper cost, which in turn would improve the company's profitability.

  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 the 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. The Company has initiated the process for procuring the necessary approvals for the same. For further details on advantages of CPP please refer to page no. 52 of this Prospectus.

- **Proximity and availability of raw materials**

  Scrap and coal, the major raw- materials required for the manufacturing of steel will be imported from Indonesia, South Africa, U.S.A. and other countries. As the Kandla port and Mundra port are near to the plant, import of these raw materials will be less time consuming and comparatively very cheaper due to saving on cost of freight.

  The Company is in proximity to major raw materials like limestone, which is available in abundance in the Kutch Region. The raw materials required for generation of Power i.e. lignite is again available locally in abundance.

- **Domestic Demand**

  There is good potential for the Company, as in the western region there is substantial gap between demand and supply of finished steel and the Company plans to sell their maximum production within the state of Gujarat, Maharashtra and Rajasthan. The demand for TMT bars/ structurals is set to increase due to growth in construction and infrastructural activities especially in the region of Kutch and adjoining areas affected by earthquake.

- **Promoters background and experience**

  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 with minimum efforts.

- **Promoters Participation and Firm Loan tie-ups**

  The promoters have already brought in Rs.4520 lakhs, as their contribution required for phase I of the project. Further, the entire loan requirement for the proposed project amounting to Rs.11450 lakhs have already been sanctioned to the company.

- **Fiscal Incentives**

  - As per the provisions of Section 80IA of the Income Tax Act 1961, 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 fall beyond the fifteenth assessment year starting from the previous year in which the undertaking generates power.

  - Refund of Excise Duty: Under the Incentive Scheme, the plant should commence its manufacturing operations on or before 31st December 2005 (Notification N. 55/2004-CE dt, 9.11.04). If the conditions are met, the refund of Excise Duty paid on finished product will be available for a period of 5 years for an unlimited amount.

  - Sales Tax Exemption: Benefit under Sales Tax Exemption would also be available to the extent of 100% of the eligible investment (fixed assets) for a period of 10 years from the date of commencement of commercial production. These benefits would enhance the viability of the project and will provide partial safeguard against drop in sales realization, if any.

- **Commencement of Commercial Production**

  The commercial production for all the basic source units viz. Sponge Iron, Steel Melt Shop and Rolling Mill has commenced on December 29, 2005.

Weaknesses

- The final products of the company – TMT bars are mainly used for construction activities and are susceptible to price and demand volatility.

  However, the promoters are well experienced, having 10 years experience in both manufacturing & selling of steel products and have handled the adverse price and demand movements.

Opportunities

- The demand for TMT bars/ structurals is set to increase due to growth in construction and infrastructural activities.
- The company has acquired 122 acres of land and this is considered sufficient for their future expansion plans also.

Threats

- There could be an oversupply position due to capacity expansion and setting up of new projects in the steel industry.
- The domestic demand & supply scenario is expected to be balanced even though many new projects/capacity expansion are expected to be implemented over the next 2-3 years. In such a scenario, the players with lower production cost would be in a position to utilize the capacities optimally.

GML enjoys cost advantages, as the essential input for TMT bars would be manufactured internally, which would enable it to withstand competition. The company is fast in implementing the project and would be in a position to complete the project earlier than other similar projects. GML also proposes to set up a 18 MW CPP based on lignite, which would enable it to produce power and utilize it for its billet and rolling mill division at very low cost. Further, the company would also be eligible for certain fiscal benefits by the way of exemption of excise duty upto 16% and sales tax to the extent of 4%.

IMPLEMENTATION SCHEDULE

The implementation schedule is as under

Phase I- Sponge Iron, Induction Furnance and Re-Rolling Mill

Sr. No	Activity	Commencement	Completion	Status as on 9-12-05
I	Acquisition of land	February, 2005	February, 2005	Completed
II	Development of land	March, 2005	March, 2006	Part Completed
III	**Civilworks**			
	Factory Building	March, 2005	November, 2005	Completed
	Machinery Foundation	March, 2005	November, 2005	Completed
	Auxiliary Building	May, 2005	March, 2006	Part Completed
	Administrative Building	May, 2005	March, 2006	Part Completed
	Misc. Buildings	May, 2005	March, 2006	Part Completed
IV	**Plant & Machinery**			
	Indigenous			
	Placement of order	March, 2005	May, 2005	Completed
	Delivery at site	July, 2005	February, 2006	Part Completed
V	Arrangement of water	April, 2005	August, 2005	Completed
VI	Erection of equipment	July, 2005	February, 2006	Part Completed
VII	Commissioning	September, 2005	February, 2006	Part Completed
VIII	Procurement of raw materials	October, 2005	February, 2006	Already Started
IX	Training of Personnel	October, 2005	February, 2006	Part Completed
X	Trial Runs	November, 2005	December, 2005	Completed
XI	Commercial Production		December 29, 2005	

Phase II- Captive Power Plant

No	Activity	Commencement	Completion	Status
I	Acquisition of land	February, 2005	February, 2005	Completed
II	Development of land	March, 2005	March, 2006	Part Completed
III	**Civilworks**			
	Factory Building	November, 2005	March, 2006	Under Process
	Machinery Foundation	November, 2005	March, 2006	Under Process
	Auxiliary Building	November, 2005	March, 2006	Under Process
	Misc. Buildings	November, 2005	March, 2006	Under Process
IV	**Plant & Machinery**			
	Indigenous			
	Placement of order	May, 2005	January, 2006	Under Process
	Delivery at site	January, 2006	May, 2006	To be completed by 31st May, 2006
V	Erection of equipment	April, 2006	June, 2006	To be completed by August, 2006
VI	Commissioning	July, 2006	August, 2006	To be completed by 31st July, 2006
VII	Procurement of raw materials	August, 2006	September, 2006	To be completed by September, 2006

No	Activity	Commencement	Completion	Status
VIII	Training of Personnel	July, 2006	September, 2006	To be completed by September, 2006
IX	Trial Runs	August, 2006	September, 2006	To be completed by September, 2006
X	Commercial Production	October, 2006		To begin by October, 2006

DEPLOYMENT OF FUNDS

The deployment of funds as on 31/12/2005 is as follows:

Expenditure Heads	Amount in Rs. Lacs
Land	213
Building & Site Development	1,984
Plant & Machinery	6,450
Capital Work In Progress	75
Electrical Installation	1,057
Miscellaneous Fixed Assets	1,115
Preliminary And Pre-Operative Expenses	70
Advances for Capital items	697
Lying as Deposits, Cash at Bank and in Hand	621
Raw Material, Finished Goods, Consumables, Debtors etc.	54
Total	**12,336**

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

Particulars	Amount in Rs. Lacs
Loans disbursed	4,519
Equity*	4,520
Reserve & Surplus (P & L A/C 2 days)	1
Unsecured Loans**	3,310
As Current Liabilities & TDS Payable	(14)
Total	**12,336**

* Including Application money of Rs.600 lakhs

** The Company has raised Unsecured Loans for the purpose of the proposed project, which will be repaid from the proceeds of the Public Issue. As on December 31, 2005, the balance of unsecured loan was Rs.33.10 crores. The company has repaid its unsecured loan amounting to Rs.15.10 crores by raising additional term loan. The outstanding balance in the account of term loan is Rs.67.50 crores and unsecured loan is Rs.18 crores as on February 10, 2006. The details of unsecured loan is as under:

Sr. No.	Name of Company	Amount (Rs. In lakhs)
1.	Govind Mills Limited	1000
2.	Ganesh Laxmi Steel Pvt. Ltd	400
3.	Sharda Trade Links	100
4.	Paramount Vyapar Pvt. Ltd	300
	Total	**1800**

The company will pay interest @ 6% p.a. on the outstanding amount of unsecured loan at the end of the financial year. The company will also repay the balance amount of unsecured loan from the proceeds received from the IPO.

*** Technical consultancy fee has been paid to various technical consultants has been capitalized to respective Plant & Machinery.

PROPOSED DEPLOYMENT OF FUNDS IN THE PROJECT

(Rs. In Lakhs)

Particulars	**Total Costs upto 31/12/2005**	**To be incurred upto 31/03/2006**	**To be incurred upto 31/03/2007**	**Total Costs**
LAND	213	-		213
BUILDING & SITE DEVELOPMENT	1,984	550	-	2,534
PLANT & MACHINERY	7,222	1,486	3,400	1,2110
MISCELLANEOUS FIXED ASSETS	2,172	400	15	2,585
PRELIMINARY AND PRE- OPERATIVE EXP.	70	185	-	255
MARGIN FOR WORKING CAPITAL	17	1,356	-	1,373
TOTAL	**11678**	**3,977**	**3,415**	**19,070**

BASIC TERMS OF ISSUE

AUTHORITY FOR THE PRESENT ISSUE

Present Issue of Equity Shares has been authorized by shareholders vide a Special Resolution passed at the EGM of the Company held on October 25, 2005. The Board of Directors of the Company had approved the present Issue of Equity Shares vide a resolution passed at their meeting held on October 01, 2005.

BASIS OF ALLOTMENT

In the event of the Present Issue of Equity Shares being oversubscribed, allotment shall be made on a proportionate basis and the basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange). The Executive Director/Managing Director of BSE along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the relevant guidelines:

Proportionate Allotment Procedure

Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being 500 Equity Shares.

Reservation for Retail Individual Investor

The above proportionate allotments of Equity Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual investors as described below:

(a) A minimum of 5% of the Offer to Public i.e. 1,556,000 Equity Shares is reserved for the permanent employees of the Company.

(b) A minimum of 10% of the Net Offer to Public i.e. 2,956,400 Equity Shares is to be compulsorily allotted to QIBs

(c) A minimum 50% of the net offer of Equity Shares to the public i.e. 14,782,000 Equity Shares shall initially be made available for allotment to retail individual investors, as the case may be.

(d) The balance net offer of Equity Shares to the public i.e. 11,825,600 Equity Shares shall be made available for allotment to:

- individual applicants other than retail individual investors, and;
- other investors including Corporate bodies/ institutions irrespective of the number of shares, debentures, etc. applied for.

In case of under-subscripton in category (a) specified above, the unsubscribed portion shall be added back to either the Non-Institutional Portion and Retail Individual Portion at the discretion of LM and the Company.

The unsubscribed portion of the net offer to any one of the categories specified in (c) or (d) shall / may be made available for allotment to applicants in the other category, if so required. However, in case of under subscription in category (b) specified above, the entire subscription money shall be refunded.

It is further clarified that the words "a minimum of 50% of the net offer to the public " used in sub-clause (c) above means that if the category of retail individual investors was to be entitled to get 70% of the net offer to public in accordance with proportionate formula, the category should get 70%. If the category is entitled to get only 30% of the net offer to the public in accordance with the proportionate allotment formula, there should be a reservation of a minimum of 50% of the net offer to the public.

The drawl 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 BSE (designated stock exchange).

An illustration explaining the proportionate allotment procedure has been inserted as given herein below:

Net offer to the public @ Rs. 10/- per share 29,564,000 Equity Shares

Out of the above 2,956,400 Equity Shares to be compulsorily subscribed by QIBs

26,607,600 Equity Shares to all other categories of Public

Minimum Equity Shares Offered to Retail Category: 14,782,000 Equity Shares

Application can be made for a minimum of 500 Equity Shares and in multiples of 500 thereafter.

Sample of the applications received:

Particulars	Retail	Non Retail (Including QIB)	Total
No. of shares initially available	14,782,000	14,782,000	29,564,000
No. of shares applied for	261408000	169604000	431,012,000
No. of Times oversubscribed	17.68	11.47	14.58
As a % of Total no. of shares applied for	60.65	39.35	100.00
No of shares to be allotted in the category	17,930,513	11,633,487	29,564,000
Ratio in which the shares to be proportionately allotted	14.58	14.58	14.58

Note: Out of 14,782,000 Equity Shares available for the Non-Retail portion, 2,956,400 Equity Shares have to be compulsorily allotted to QIBs.

The Net offer to the public is over subscribed 14.58 times whereas the retail category is over subscribed 17.68 times

As the retail portion is eligible for 60.65% of the net offer to the public, the revised ratio now becomes 14.58 times.

Assume three retail investors X, Y & Z. X has applied for 5000 shares. Y has applied for 4000 shares and Z has applied for 1000 shares. As per allotment procedure, the allotment to retail individual investors would be on proportionate basis i.e., at 1/14.58th of the total number of shares applied for. The actual entitlement shall be as follows:

Sr. No.	Name of applicant	No. of shares applied for	No. of shares eligible to be allotted
1	X	5000	5000/14.58= 342.94 shares rounded off to 343 shares being the nearest integer
2	Y	4000	4000/14.58= 274.35 shares rounded off to 274 shares being the nearest integer
3	Z	1000	1000/14.58= 68.59 shares
			Application liable to be rejected as entitlement is less than the minimum application size.
			However, the successful applicants out of the total applicants shall be determined by drawl of lots. The successful applicant shall be allotted a minimum of 500 equity shares

The drawl 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 BSE (designated stock exchange).

BASIS FOR ISSUE PRICE

Investors should read the following summary with the Risk Factors included from page no. vi to xviii, the details about the Company and its financial statements included in this 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

Gallantt Metal Limited is incorporated with a view to set up a vertically integrated steel plant at Village Sama Khayali, Taluka Bachau, Kutch, Gujarat. This integrated steel plant comprises of Sponge Iron division with a capacity of 99,000 MTPA, M.S Billets with a capacity of 1,76,420 MTPA, Re-Rolled products (TMT Bars) with a capacity of 1,68,300 MTPA and a Captive Power Plant of 18 MW capacity.

- **Vertical Integration**

  The in-house consumption of entire Sponge Iron for manufacturing of billets, which would further be rolled into TMT bars along with installation of captive power plant utilising the waste heat from the sponge iron plant would improve the overall profitability of the project making it financially more viable. The integrated nature of the plant provides cushion against fluctuation in the supply and prices of inputs required for its Billet and Re-rolling division.

- **Captive Power Plant**

  The project envisages 18 MW captive power plant, which which would cater to 90% of its requirement of 20MW ensuring uninterrupted power supply and would eliminate the dependence on the State Electricity Board to a large extent. Further, on account of the captive power plant, power would be available to the unit at a cheaper cost, which in turn would improve the company's profitability.

  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 the 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. The Company has initiated the process for procuring the necessary approvals for the same. For further details on advantages of CPP please refer to page no. 52 of this Prospectus.

- **Proximity and availability of raw materials**

  Scrap and coal, the major raw- materials required for the manufacturing of steel will be imported from Indonesia, South Africa, U.S.A. and other countries. As the Kandla port and Mundra port are near to the plant, import of these raw materials will be less time consuming and comparatively very cheaper due to saving on cost of freight.

  The Company is in proximity to major raw materials like limestone, which is available in abundance in the Kutch Region. The raw materials required for generation of Power i.e. lignite is again available locally in abundance.

- **Domestic Demand**

  There is good potential for the Company, as in the western region there is substantial gap between demand and supply of finished steel and the Company plans to sell their maximum production within the state of Gujarat, Maharashtra and Rajasthan. The demand for TMT bars/ structurals is set to increase due to growth in construction and infrastructural activities especially in the region of Kutch and adjoining areas affected by earthquake.

- **Promoters background and experience**

  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 with minimum efforts. For further details on promoters background refer to page no. 77.

- **Promoters Participation and Firm Loan tie-ups**

  The promoters have already brought in Rs.4520 lakhs, as their contribution required for phase I of the project. Further, the entire loan requirement for the proposed project amounting to Rs.11450 lakhs have already been sanctioned to the company.

- **Fiscal Incentives**
  - As per the provisions of Section 80IA of the Income Tax Act 1961, 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.
  - Refund of Excise Duty paid on finished product would be available for a period of 5 years for an unlimited amount, if the plant commences its manufacturing operations on or before 31st December 2005.
  - Sales Tax Exemption would also be available to the extent of 100% of the eligible investment (fixed assets) for a period of 10 years from the date of commencement of commercial production
- Commercial Production

  The commercial production for all the basic source units viz. Sponge Iron, Steel Melt Shop and Rolling Mill has commenced on December 29, 2005.

QUANTITATIVE FACTORS

Gallantt Metal Limited was incorporated on February 7, 2005 for setting up of a vertically integrated steel plant along with a captive power plant of 18 MW capacity. The entire project is to be implemented in two phases of which Phase-I comprising Sponge Iron, M.S. Billets and Rolling Mill have started commercial operations from December 29, 2005. Thus,

1. Computing ratio related to Earnings Per Share i.e. EPS pre-issue for the last three years is not possible.
2. The pre-issue P/E also cannot be computed.
3. Furhter, the Average Return on Net Worth in the last three years is also not possible. However, the Industry P/E multiple are as follows:

Industry P/E	
High	7.8
Low	4.1
Average	6.9

Source: Capital Market, Vol. XX/20, Dec 5 –18, 2005, for Steel – Sponge Iron

4. Minimum Return on Increased Net Worth required to maintain pre-issue EPS cannot be computed since the pre-issue EPS is nil.
5. Net Asset Value (NAV) per share based on last balance sheet is as follows:

NAV	
As at 31-03-2005	9.92
As at 30-09-2005	9.92
After Issue	9.97
Issue Price	10.00

Note: For Calculation of NAV, the Share Application Money pending Allotment has not been considered for the respective periods.

6. The Company is setting up a green field industrial steel complex at Kutch, Gujarat. There are no past financial figures available which could reflect the profitability and the future performance of the Company. However, the Company has decided to issue the equity shares at par of Rs.10/- per equity share.

7. The accounting ratios of the peer group (i.e. companies of comparable size in the same industry) for the period ended March 31, 2005

Company	EPS (Rs.)	P/E	RONW (%)	NAV (Rs.)
Jindal Steel & Power Limited	165.30	7.7	47.50	428.00
Monnet Ispat Limited	38.20	4.1	53.00	98.10
Tata Sponge Iron Limited	38.60	4.2	56.60	85.70
MSP Steel & Power Limited	0.40	-	7.90	10.70

Source: Capital Market, Vol. XX/20, Dec 5 –18, 2005, for Steel – Sponge Iron

The face value of the shares is Rs.10/- per equity share and the Issue price is 1 time of the face value.

STATEMENT OF TAX BENEFITS

Gallantt Metal Limited
21, Hemanta Basu Sarani, 3rd Floor,
Kolkata - 700001

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to Gallantt Metal 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 **A.K. Meharia & Associates**
Chartered Accountants

A.K.Meharia
Partner
Membership No. 53918

Date: 27.10.2005

Place: Kolkata

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 31st March, 1998.

   In terms of Clause (iia) 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 31st March 2005,subject to conditions specified therein.

   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 1/5th 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

1. By virtue of section 10(38) inserted by Finance (No. 2) Act, 2004, income arising from transfer of long-term capital asset, being an equity share in the company is exempt form 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.

2. By virtue of section 111 A inserted by Finance (No. 2) Act 2004, short term capital gain on transfer of equity share in the Company shall be chargeable to tax @ 10%, 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.

3. 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

1. 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 authorised 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.

2. 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), National Housing Bank (NHB), Rural Electrification Corporation Ltd. (REC), and Small Industries Development Bank of India (SIDBI).

3. Under section 54ED 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 shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in equity shares of an Indian company forming part on an eligible issue of capital.

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 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 concessionally 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 concessionally 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 Bank for Agriculture and Rural Development (NABARD), the National Highway Authority of India (NHAI), National Housing Bank (NHB), Rural Electrification Corporation Ltd. (REC), and Small Industries Development Bank of India (SIDBI).

4. Under section 54ED 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 shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in equity shares of an Indian company forming part on an eligible issue of capital.

5. 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.

6. 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 1st 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.

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

A.K.Meharia
Partner
Membership No. 53918

Date: 27.10.2005
Place: Kolkata

SECTION IV: ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

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.

Steel is an integral part of a country's infrastructure and industrial development. It includes hospitals, schools, townships, offices, houses and other buildings; urban infrastructure (including water supply, sewerage, drainage); highways, roads, ports, railways, airports; power systems; irrigation and agriculture systems; telecommunications etc. Covering as it does such a wide spectrum, steel becomes the basic input for socio-economic development.

Global steel demand is rising on the back of accelerated infrastructure activity in China, CIS and India, housing boom in USA, and white goods resurgence in Europe. During the recent recessionary phase, the industry is going through consolidation phase in terms of ownership as well as mothballing of inefficient capacities. Steel prices continue firming up.

Looking at the Indian scenario, there has been emphasis on creating physical infrastructure for which massive investment is planned during the Tenth Plan (2002 to 2007). The steel industry would play a crucial role in this regard and has to gear itself to meet the challenges. 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. With the macro indicators looking up in almost all areas, the demand prospects of this industry look bright.

GLOBAL SCENARIO

For the first time in last 20 years, there is demand growth all over the world for steel. The demand supply gap is expected to increase and this will drive steel prices northwards, even as the global steel industry is not prepared for this demand onslaught.

In India, China and other Asian countries the demand is led by emphatic investment activities in infrastructure. China is consuming steel like never before for its infrastructure with investments such as Three Gorges project on Yangtze as well as part of its build up to the Beijing Olympics in 2008 and the Shanghai Expo in 2010. In US, the demand is led by the booming housing industry. Additionally the auto industry is showing signs of recovery as auto sales hit their strongest levels for the year in July even as US posted a 2.4% GDP growth. In Europe, there is demand from a buoyant housing and white goods industry according to industry sources.

Facts and Figures

- In 2004 World Crude Steel output at 1.05 billion metric tons was 8.7% more than the previous year. (Source: World Steel Dynamics)
- China remained the world's largest Crude Steel producer in 2003 also (220.12 million metric tons) followed by Japan (110.51 million metric tons) and USA (91.36 million metric tons). India occupied the 8th position (31.78 million metric tons). (Source: IISI)
- Asia accounts for about 40% of global demand, which is expected to reach 50% in the next few years as demand growth is projected to be more in this region.

INDIAN SCENARIO

The steel industry witnessed a remarkable turnaround, buoyed by a spurt in the international prices. The domestic industry capitalized on this buoyancy, with a sharp surge in exports, particularly to China. In the domestic market, user industries like automobiles, housing and infrastructure sector and the consumer durable sectors continue to report strong growth.

As per the estimates of Tenth Five-Year Plan (2002 to 2007), the construction sector (housing and commercial, infrastructure, and industrial) is set to grow at around 12%. It is estimated that the domestic demand for steel will remain buoyant at around 8-10% during 2005-06, promising good fortunes for the players. Indian steel producers performed well during the fiscal 2003 and 2005, despite the global industry being faced with one of the most challenging operating and business environments in the last decade. With improved pricing and worldwide demand growth of steel products, most of the Indian steel manufacturers reaped the benefits of increased exports, reporting substantial improvement in profitability and overall financial position.

Facts and Figures

- Steel industry was delicensed and decontrolled in 1991 & 1992 respectively.
- India is the 9th largest crude steel producer of steel in the world.
- In 2004-05, production of finished carbon steel was 38.385 million tonnes (Prov).
- Pig Iron production in 2004-05 was 3.171 Million Tonnes (Prov).
- The share of Main Producers (i.e SAIL, RINL, TISCO) and secondary producers in the total production of finished (Carbon) steel was 39% and 61% respectively during the period April-July, 2005.

Last 4 years production of pig iron and finished carbon steel is given below:

(in million tonnes)

Category	**2001-02**	**2002-03**	**2003-04**	**2004-05 (Prov.)**	**2005-06 (Prov.) (April-July,05)**
Pig Iron	4.08	5.28	3.764	3.171	1.230
Finished Carbon Steel	30.63	33.67	36.957	38.385	12.575

(Source: Joint Plant Committee)

According to the 2004-05E available with the Joint Plant Committee, the product-wise and industry-wise break up of steel consumption in India is as per the tables below:

Category	**% Share in total steel consumption in India**
Bars & Rods/Structural	40.1
Railway Materials	2.68
Total long	42.75
Plates	7.46
HR Coils/Sheets	27.21
CR Coils/Sheets	14.46
Coated products	5.38
Electrical sheets	0.54
Total Flats	57.24

Sector	**% Share in total steel consumption in India**
Construction	34.6
Machinery	5
Automobile	4.7
Shipbuilding	0.7
Railways	3.5
Oil & gas	5.7
Household Appliances	3.1
Container	1
Total	**58.3**

(Source: Joint Plant Committee)

Thus, as may be seen from above, the construction sector accounts for a major portion of the domestic steel consumption. With the current impetus of the Indian Government on infrastructure, this sector is likely to fuel the future demand for steel in India.

DUTIES & LEVIES ON IRON & STEEL

Customs Duty

The customs duty on items falling under Chapter 72 has been reduced sharply during the last five years. The customs duty on non-alloy steel and alloy steel was brought down to the level of 5% and 15% respectively in 2004-05. In the Union Budget 2005-06 customs duty on alloy steel has been further brought down to 10%. Currently the customs duty on prime non-alloy steel and prime alloy steel is 5% and 10% respectively. The peak rate of customs duty on Chapter 72 items was brought down from 40% to 20% w.e.f. 1.1.2005, as a result the customs duty on seconds and defectives also stands reduced from 40% to 20%. In the Union Budget 2003-04 customs duty on refractory and refractory making raw materials have also been reduced to 10%. Some of the other changes made during the last one year in the structure of customs duty on items falling under Chapter 72 are as follows:

- Customs duty on melting scrap reduced from 5% to Zero.
- Customs duty on ships for breaking reduced from 15% to 5%.
- Customs duty on steel making raw materials like non-coking coal, metcoke and charged nickel have been reduced to 5%.

Excise Duty

The excise duty on all iron and steel items falling under Chapter 72 has been increased from 12% to 16% in the Union Budget 2005-06.

Levies on Iron & Steel

SDF LEVY- This was a levy started for funding modernisation, expansion and development of steel sector. The Fund, inter-alia, supports:

1) Capital expenditure for modernisation, rehabilitation, diversification, renewal & replacement of Integrated Steel Plants.
2) Research & Development
3) Rebates to SSI Corporations
4) Expenditure on ERU of JPC
    - SDF levy was abolished on 21.4.94
    - Cabinet decided that corpus could be recycled for loans to Main producers
    - Interest on loans to Main Producers be set aside for promotion of R&D on steel etc.
    - An Empowered Committee has been set up to guide the R&D effort in this sector.
    - EGEAF – Was a levy started for reimbursing the price differential cost of inputs used for engineering exporters. Fund was discontinued on 19.2.96.

FUTURE OUTLOOK

Indian steel sector is expected to witness growth in next few years backed by domestic drivers such as infrastructure and automobile demand along with close co-relation with the rising global trend. The growth in the steel industry will be mainly on account of the increased focus on infrastructural development. Infrastructure development has gained momentum over past two years, led by government initiative and opening up of the sector for private participation. The government has initiated various programmes to develop infrastructure activity in various sectors such as national highways, ports, railways, and power.

The Central Government stepped up investments in infrastructure over the past few years in the face of rising deficits, through private participation and innovative ways of funding. The assessment of projects in key infrastructure sectors like roads, ports, railways and power plants, indicates prospective investments of Rs. 6,19,600 crores over the next five years. Government has adopted innovative means for financing the proposed projects like levying cess on petrol and diesel, raising funds from multilateral agencies such as the World Bank and Asian Development Bank, encouraging private participation on Build-operate-transfer basis, etc., encouraging the banks and institutions to lend for the infrastructural projects, etc.

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. Therefore the steel industry is all set to witness growth in the coming years.

INDUSTRY STRUCTURE

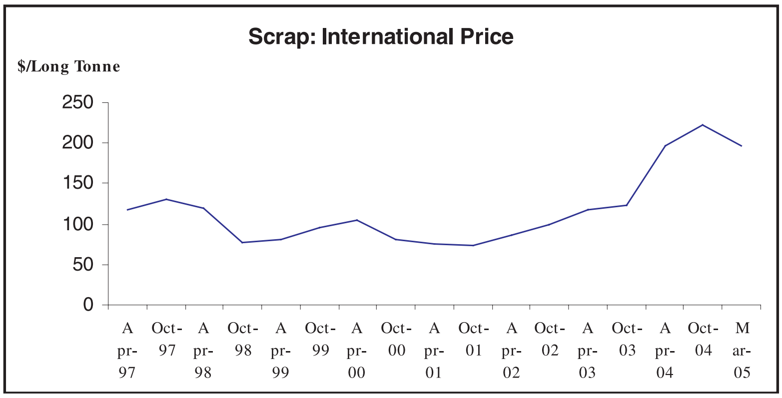
SPONGE IRON INDUSTRY

Sponge iron is an iron product that is obtained by direct reduction (elimination of oxygen) of iron ore, without melting it in a blast furnace. Sponge iron is an intermediate iron product used as a substitute for steel scrap while producing steel through the electric arc furnace route. For any given level of steel output, the demand for Directly Reduced Iron (DRI) / Hot Briquetted Iron (HBI) varies directly with respect to the proportion of electric steel making in the total steel production and to the availability and price of steel scrap and pig iron. Producers optimize their input costs by changing the scrap to sponge iron ratio in the charge-mix with changes in the prices of these inputs. Hence internationally, sponge iron prices are closely linked with scrap prices. In India, where sponge iron is available in sufficient quantity and scrap needs to be imported, domestic sponge iron prices tend to move in line with the landed cost of scrap.

World Scrap Scenario

The buoyancy in the steel industry had seen scrap prices touching the highest levels since 1997. International scrap prices have been holding steady in the $220-250 per MT price range during the six months from Oct'04 to Apr'05. Though in the months of March and April 2005, international scrap prices have eased slightly due to some weakening in demand in Europe, in the near term, the prices are expected to remain stable.

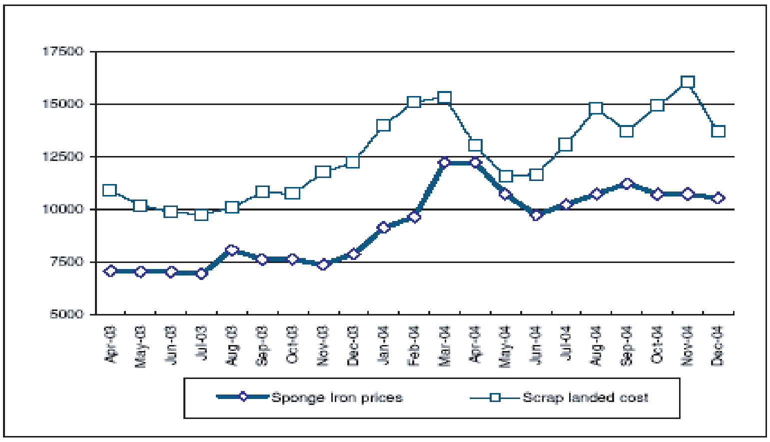
Domestic Scrap Scenario



The ship-breaking industry is the biggest source for good quality steel scrap. An increasing cost for acquiring junk ships has driven many ship breakers out of the business. According to Industry, a huge fall in the flow of ship scrap from Alang-Sosiya in Gujarat, once the world's largest ship demolition market, has forced traders to hit the import trail. Further, availability of good quality scrap is also decreasing worldwide due to a boom in shipping.

The explosion in Bhushan steel & Strips Limited in October 2004 resulted in the Indian government issuing a number of directives to reduce the possibility of hazardous metal scrap from being imported in to the country. The imports have consequently fallen resulting in further scarcity of scrap in the country. Thus the domestic prices of scrap are expected to remain firm in 2005-06.

Sponge Iron prices and landed cost of scrap imports

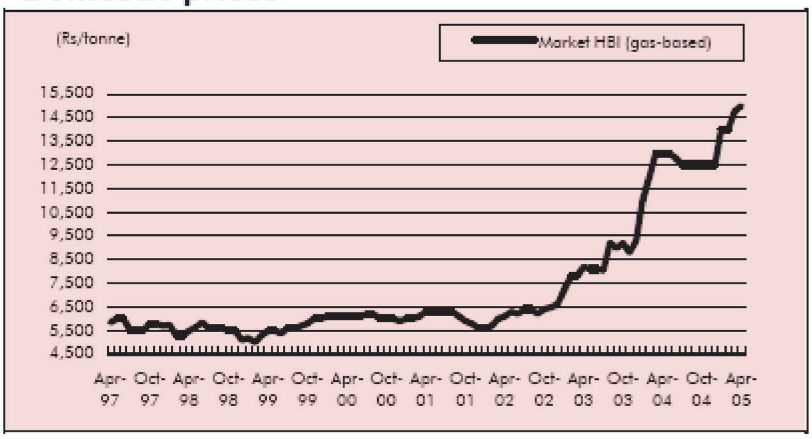


Source: CRIS INFAC

Sponge Iron Prices heading Northwards

The government, on March 24, 2004, cut the import duty on sponge iron from 15% to 10% to check the upward movement in prices. However, the measures failed due to shortage of scrap and rising prices of steel intermediates globally. The international market is facing acute shortage of scrap, resulting from huge demand from China, increased demand from Turkish mills and other Asian countries. The graph shows the movement of sponge iron prices in the domestic market.

Domestic prices



Source: Cris Infac

The sponge iron prices for gas and coal based units have ranged between Rs.13500-15000MT and Rs.12000-13000MT respectively during the period March-April 2005 while the average price for FY 2003-04 has been Rs 9496/MT.

Sponge Iron Outlook

An expectation of a continuing shortage of scrap in the international markets, coupled with increase in raw material prices is expected to keep prices stable with a bias for an upward movement. Growth of this sector would be linked to the growth in demand from the domestic electric arc furnaces. To meet the growing demand, additional capacities are being contemplated by coal based manufacturers in the short to medium term. The likelihood of India's seeing a significant sponge iron capacity build-up in the coming years is very high. The sheer sustenance of India's EAF units, which account for 12 million tpa (one-third of India's steel capacity) hinges on the availability of scrap.

LONG PRODUCTS

The construction sector consumes over 10 million tonnes of steel annually, mostly comprising long products. Thrust on infrastructural development projects like roads, fly-overs and boom in commercial and housing development gave a boost to demand for long products. The construction sector accounts for 70 per cent of long product consumption and the manufacturing and engineering sectors account for 30 percent.

The prices of long products are also expected to increase with a steady growth in demand at 7 per cent CAGR during the same period from the infrastructure and housing sectors; and with an increase in input prices. Long product prices in 2003-04, kept on increasing until they peaked in May 2004 at around Rs.27, 000 per tonne. In June 2004, however, the prices came down from their peak as a result of start of monsoon and decline in raw material prices. Prices increased as a result of the following reasons;

- Higher demand from domestic markets
- Strained supply due to raw material shortage and high operating rates
- High prices of raw materials like scrap, billets, and coke.

The domestic prices in April'05 of long products have increased by 9-18% over their Apr'04 levels and stand in the range of Rs.24000-26000 per tonne. Their prices in the coming year are expected to remain more or less at the current levels.

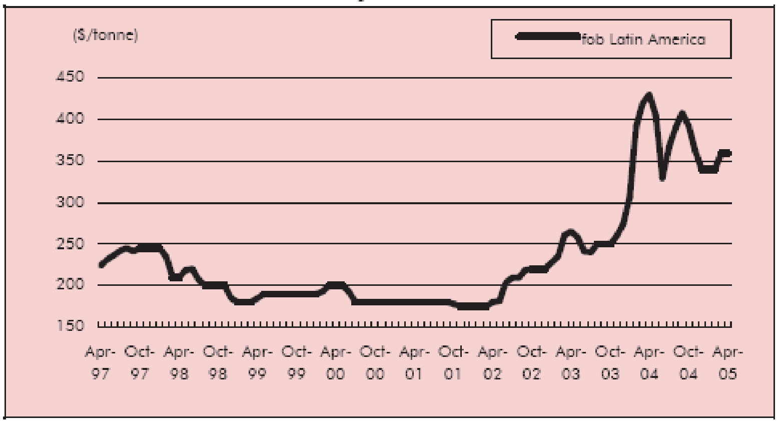
STEEL BILLET INDUSTRY

Steel billets are manufactured either by ingot casting and rolling through blooming & billet mills or by forging or by continuous-casting of billets directly from liquid steel. 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.

Steel Billet Prices

Steel billet prices vary with a strong positive correlation with the scrap and sponge iron prices, as may be seen from the graphs below:

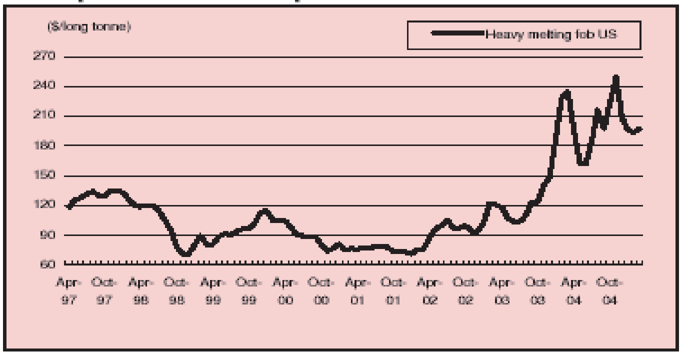
Billets: International prices



Note: Prices are monthly averages.

Source: Metal Bulletin

Scrap: International prices



Source: Minerals and Metals Review

The average billet prices in the domestic market for the 4 months (April-July 04) were around Rs.19,350 per tonne. The international billet prices have climbed down from their April 2004 peaks by about 16% standing at $360 per tonne in April 2005. The corresponding domestic prices stood around Rs.18,000 per tonne.

BARS AND RODS

Bars and rods constitute 70-75% of the total long products production and consumption. Construction and infrastructure –two high growth sectors in the country- are the primary consumers of bars & rods. CRIS INFAC expects construction investments to increase by 11 per cent over the Tenth Five Year Plan, as compared with 12 percent during the Ninth Five Year Plan. Bars and rods are available in various sizes ranging from 6 mm to 140 mm in diameter, the major segment being 6 mm to 25 mm. Rods of smaller diameters (5.5-12 mm) are generally produced in coil form. These are termed wire rods.

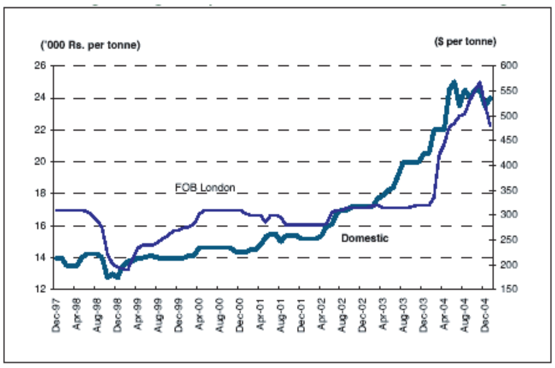
	Unit	Apr 2004	Mar 2005	Apr 2006	Change (per cent)	
					Month	Year
Domestic Prices						
Mutual Market Prices						
- Channels (125 mm x 75 mm)	Rs. per tonne	22,000	24,500	24,500	0.0	11.4
- Reinforcement bars (TMT-25 mm)	Rs. per tonne	22,000	25,000	26,000	4.0	18.2
- Wire rods (5.5 mm)	Rs. per tonne	22,000	24,000	24,000	0.0	9.1

Bars and Rods Prices

Domestic prices of reinforcement bars and wire rods in April'05 have shown an increase of 18% and 9% respectively over the April'04 prices. The prices seemed to have stabilised a little since April 2004.

It may be seen from the graph below that in case of long products domestic prices show only a weak correlation with international prices. The domestic prices are governed more by the domestic demand supply conditions and raw material price movements (especially sponge iron and scrap). In the coming year it is expected that the prices would more or less remain constant.

Weak linkage with global prices



Source: CRIS INFAC and Metal Bulletin

BUSINESS OVERVIEW

Gallantt Metal Limited (GML), a closely held public limited company, was incorporated in February 2005 at Kolkatta. GML has been promoted by Shri Chandra Prakash Agrawal, Shri Dinesh R. Agarwal, Shri Nitin Kandoi and P.B. Mercantiles Pvt. Ltd.

GML has been incorporated with a view to set up a plant in Kutch, Gujarat, to manufacture Sponge Iron, M.S. Billets, Re-Rolled products (TMT bars) with a captive power plant. The proposed project is envisaged to have the following manufacturing facilities.

Sr. no.	Details	Capacity
I	Sponge Iron	99,000 MT per annum (3 kilns of 100 TPD each)
II	Steel Melt Shop	M.S. Billet 1,76,420 MT per annum (15 MT * 3 – Induction Furnace each with continuous caster)
III	Rolling Mill	TMT Bars 1,68,300 MT per annum
IV	Captive Power Plant	18 MW (from Waste heat and lignite)

The process route selected for manufacture of steel is

Sponge Iron Plant → Induction Furnace → Continuous Caster → Re-Rolled products

The project is proposed to be implemented in two phases as under:

Phase	Details	Actual/Expected Commercial Operation Date
I	• 100 * 3 TPD Sponge Iron Plant • 15T * 3 Induction Furnaces • 1,68,300 TPA Re-rolling Mill	December 29th, 2005
II	• 18 MW Captive Power Plant	October 2006

The project is proposed to be implemented in two phases and the entire project would be fully completed by October 2006. GML has appointed M/s Industrial Technical Consultant, Raipur (ITCR) as its technical consultant for the proposed sponge iron plant, Roll Mill Industries Limited for the Rolling Mill Division and Avant Garde Engineers and Consultants Pvt. Ltd., Chennai (AGECPL) for the captive power plant. No technical consultant has been appointed for the steel melt shop as the company proposes to use the conventional manufacturing process, which does not require specific technical know-how.

The in-house consumption of entire Sponge Iron for manufacturing of billets, which would further be rolled into TMT bars along with installation of captive power plant utilizing the waste heat from the sponge iron plant would improve the overall profitability of the project making it financially more viable. The integrated nature of the plant provides cushion against fluctuation in the supply and prices of inputs required for its Billet and Re-rolling division.

LOCATION OF THE PROJECT

GML proposes to set up the steel plant at Vill, Sama Khayali, Tal: Bachau, Kutch, Gujarat. GML has acquired 122 acres of land at the site.

The registered office of the company is at " Centre Point", 21, Hemant Basu Sarant, 3rd Floor, Room No. 306, Kolkatta – 700 001, which enjoys benefits available under Special Fiscal Incentives for Sales Tax and Excise Duty declared under Incentive Scheme 2001 for Economic Development of Kutch District, which was declared by Government after the Earthquake for development of Kutch region. Under the Incentive Scheme, the plant should commence its manufacturing operations on or before 31st December 2005 (Notification No. 55/2004-CE dt. 9.11.04). If the conditions are met, the refund of Excise Duty paid on finished product will be available for a period of 5 years for an unlimited amount. In addition, benefit under Sales Tax Exemption would also be available to the extent of 100% of the eligible Investment (Fixed Assets) for a period of 10 years from the date of commencement of commercial production

The proposed project also has the required Infrastructural facilities:

Availability of Raw Materials

Proximity to major raw materials like Lignite and limestone, presently both these raw materials are available in abundance in the Kutch Region.

Connectivity

The site is well connected with all type of transportation.

National Highway	The site is approx. 500 Mtrs from the NH 8A connecting New Delhi – Kandla – Mumbai highway.
Railway Station	The site is only 700 Mtrs away from the Samakhayali railway station.
Railway Siding	The Plant is located opposite to Samakhyali railway station with a view to have Company's own Railway Siding. However at present Gandhidham Railway sidings will be used which is 40 Kms from the site.
Sea Port	Kandla Port is only 50 Kms away from the site and Mundra Port is 70 kms away from the site.
Air Port	Bhuj airport is 60 Kms and Ahmedabad airport is 300 Kms from the site.

Manpower

Manpower both skilled and unskilled is easily available as many steel and other companies have put up/proposed to put up the manufacturing facilities in Kutch region after announcement of various incentives by Gujarat Government for development of the Kutch region.

Proximity to Market

There is good potential for the Company, as in the western region there is substantial gap between demand and supply of finished steel and the Company plans to sell their maximum production within the state of Gujarat, Maharashtra and Rajasthan. The demand for TMT bars/ structurals is set to increase due to growth in construction and infrastructural activities especially in the region of Kutch and adjoining areas affected by earthquake. The company's plant is located in close proximity to the market leading to savings in freight cost, which in turn would fetch GML a higher selling price.

MANUFACTURING PROCESS

1. SPONGE IRON

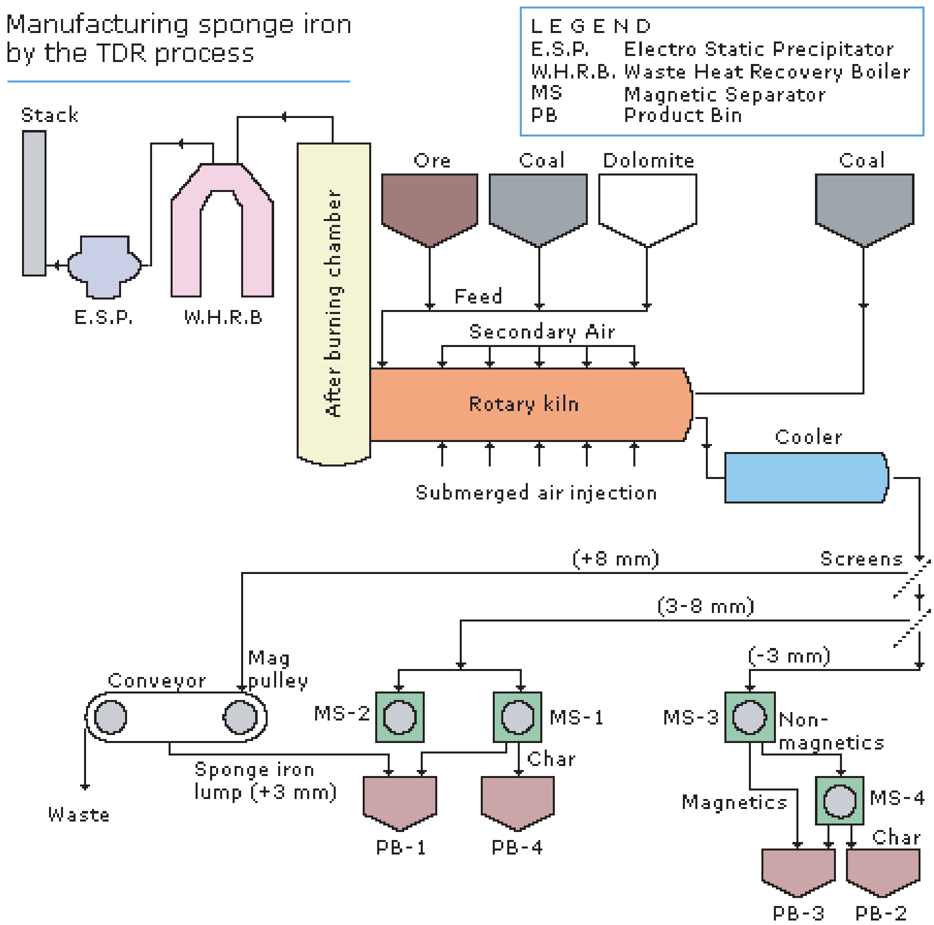
GML proposes to manufacture sponge iron from iron ore through the direct reduction method. The process consists of the reduction of iron ore using solid carbonaceous material like coal/coke/lignite in a rotary kiln at high temperatures and then cooling the same to room temperature in the rotary cooler 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.

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° 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° 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



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.

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.

2. STEEL MELT SHOP (MS BILLET)

The project envisages steel making facility through Induction Furnace route along with Ladle refining furnace and continuous casting machine. The process involves charging mix of raw material, mainly Sponge iron (50%) and C.I. Scrap/M.S. Scrap (50%) 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.

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-oxiders 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 trough 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.

PROCESS FLOW FOR MANUFACTURING M.S. BILLET

RAW MATERIAL PREPARATION SPONGE IRON SCRAPS (SIZING & PROCESSING)

↓

BLENDING IN PREDETERMINED RATIO

↓

MELTING IN INDUCTION FURNACE

↓

TAPPING OF MOLTEN METAL

↓

CASTING IN CONCAST MACHINE

↓

BILLETS

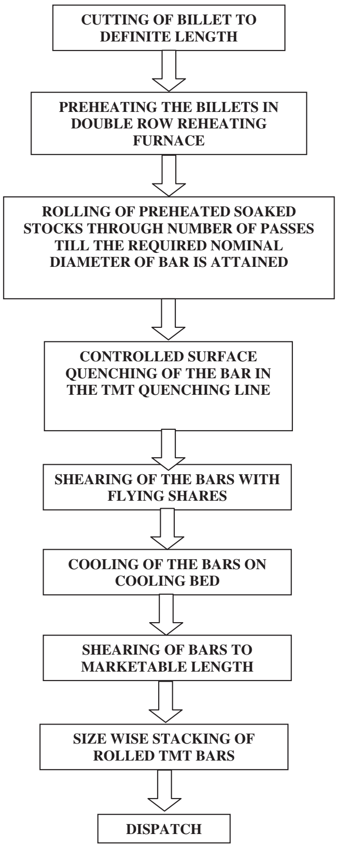
III. ROLLING MILL (TMT BARS)

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 ion 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 be 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



IV. *CAPTIVE POWER PLANT*

Waste Heat Recovery Boiler

The waste heat recovery boiler will generate 10 TPH of steam with the outlet parameters of 67 Ksc(a) and 485 Deg. C., while taking in the feed water at 130 Deg.C from the deaerator. The entire waste gas from the sponge iron kiln will be utilized in the waste heat boiler for the steam generation.

30 TPH of steam generated in the boiler would be fed to the main steam line. About 0.25 TPH of steam would be used for the ejector and turbine gland sealing after pressure and temperature reduction to 25 KSC(a) and 235 Deg.C. Around 0.096 TPH of feed water would be used as spray. 29.75 TPH of steam would be fed to the extraction cum condensing turbine. The uncontrolled extraction from the turbine at 4.0 Ksc(a) would give 4.02 TPH of steam approximately at a temperature of 210 Deg.C. This steam would be used in the dearator, for heating up the feed water to temperature of 130 Deg. C.

A quantity of 25.73 TPH of steam, being the difference between the input and the extracted steam quantity, would be exhausted at 0.18 ksc(a) to the air-cooled condenser of the power turbine. The condensate from the condenser storage tank of the condenser would then be pumped to the feed water system by the condensate extraction pumps. In addition to the above quantity, the condensate from the gland steam condenser and the ejector condensers amounting to a total approximate quantity of 0.445 TPH would be added to the feed system through the condensate storage tank. With the CPP from waste heat operating at the rated capacity, the gross power generation will be 6 MW.

In addition to this company also proposes to set up a 12 MW fluidized bed combustion boiler.

Atmospheric Fluidised bed Combustion Boiler

Fluidised bed combustion is a “Clean Technology for a better tomorrow” where technology and economy have been interwoven harmoniously in quest of a better environment. The environmentally friendly perspectives of this technology are as follows:

- At the low combustion temperature of 850oC / 900oC, no Nitrogen Oxides result from the Nitrogen in the combustion air, with the end result of extremely low NOx emissions even with fuels rich in Nitrogen.
- Formation of SOx is essentially prevented by the addition of limestone. This is both mixed into the fuel and blown into the combustion chamber. Due to the favorable conditions in the fluidized bed, about 90% of the resulting Sulphur Oxides can be removed.
- A broad selection of fuels thereby enabling use of Char produced in the DRI Plant replacing about 30% of coal.
- Better plant flexibility at partial loads of about 25% and quick load changes.
- Low Auxiliary Power consumption compared to other coal fired Boiler versions.

The Steam Generator would be semi-outdoor type, natural circulation, balanced draft, Bi-drum, designed for firing different grades of coal. The Boiler is of bubbling fluidized bed type to handle even high ash coal.

Capacity of AFBC coupled with adjacent WHRB has been selected to ensure adequate margin over the requirement of turbine at 100% MCR. AFBC would be designed to operate with “The HP heaters out of service “ condition (resulting in lower feed water temperature at Economiser inlet) and deliver Steam to meet the Turbo-Generator requirement at 100% MCR. Economiser section of the Boiler would be non-Steaming type. Super heater sections would be convection type and designed so as to maintain rated Steam temperature of 460°C (:i: 5°C) at super heater outlet over the control range of 60% to 100%, MCR. Attemperator is provided at the outlet of convection super heater for the temperature control at Steam Generator outlet.

The Boiler furnace and flue gas passages would be designed for appropriate low velocities in order to minimize erosion.

Suitable balanced draft System would be provided for the Steam Generator with two(2) forced draft and two(2) induced draftfans. Each of these fans would be capable of meeting the air requiremtn at 60% Boiler MCR load. The forced draft fans would be radial type with inlet vane control for regulation of airflow. The induced draft fans would be radial type with multi louver damper control the regulation. The forced draft fans would control total airflow to Boiler and the induced draft fan would control furnace draft of the boiler through automatic control loops. In addition to the FD fan, two (2) primary air fan of 60% capacity each shall be provided for transportation of fuel with one working and one standby.

The boiler would be top supported type and would be provided with all supporting Steel platforms, galleries and stairways for easy approach and Maintenance of the Unit. Adequate weather protection would be provided for instruments and operating personnel. Necessary insulation along with skin casing to limit outside surface temperature to the safe level would be provided.

Capacity	TPH	18
No. of Steam Generator	No.	1
Superheated Steam Pressure	Kg/Cm2 (a)	66
Superheated Steam temperature	°C	485 +/-5
Feed Water temperature	°C	050
Flue Gas outlet temperature at AH outlet	°C	150
Fuel used		
Main Fuel	Lignite and Char	—
Performance Fuel	Lignite and Char	—
Startup Fuel	Light Diesel Oil	—

Steam Turbine Generator and Auxillaries

Steam Turbine

The Steam turbine will be condensing type. The set will be complete with Condenser, Air Evacuation System, 2 * 100% Condensate Extraction Pumps, Generator Cooling system, Gland Sealing with Gland Vent Condenser, Lube Oil System, LP and HP Re-generative Feed Heaters, etc.

Generators

Generator will be rated for 22.5 MVA (18 MW) with 0.8 lagging Power Factor, delivering Power at 11 KV.

Advantage of the 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 the 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.
- CPP 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

I. SPONGE IRON UNIT

GML has engaged M/s. Industrial Technical Consultant, Raipur (ITCR) as its technical consultant for its proposed Sponge Iron Plant with installed capacity of 99,000 TPA on a lump sum fee of Rs.18.11 lacs plus service tax plus other govt. levies. M/s. Industrial Technical Consultant has vast experience in setting up similar type of projects in India. ITCR have provided technical know-how to about 75 plants. Some of the companies to whom the ITCR has provided technical consultancy are Shah Alloys Limited, Nixon Steel & Power Limited, SKS Ispat Pvt. Ltd., BRG Iron & Steel Co.(P) Ltd., Monnet Ispat Limited, etc. As per the offer letter given by ITCR and accepted by GML, the scope of work is as under:

- Necessary plans, factory designs and layout charts and drawing documentation and other forms of technical know how for the said purpose.
- Advice in the matter of purchase of necessary plant and machinery suitable for the factory
- Render the services of their own technicians to assist the company in carrying out the improvement of the factory and for installing plant and machineries.
- Provide technicians from their own staff to attend at the Company's factory whenever necessary. Technical training to selected persons with their associated members while commissioning the plant to enable them to operate the machinery and plant.
- Advise the Company promptly and to the best of their ability in connection with any technical or manufacturing problems or difficulties, which the company may refer to it during the continuance of the agreement.
- Provide necessary technical assistance towards specification, quality, grade, quantity and name of the raw materials and other consumables required for the plant.

II. STEEL MELT SHOP (MS BILLET)

The proposed manufacturing process is conventional and does not require specific technical know-how. The promoters are also experienced in this line and are already having manufacturing facility of similar products. The induction furnace technology was introduced during the 70s & 80s in India. The technology of Medium Frequency with constant Power Track was introduced in the late 1980's. The plant proposed to be installed by GML would be fully automatic and the machines would be installed under the supervision of the machinery manufacturers and company's own experienced technical personnel.

III. ROLLING MILL (TMT BARS)

GML has appointed Roll Mill Industries (RIL), Noida, Delhi for carrying out detailed engineering for proposed re-rolling mill at a lump sum fee of Rs.30 lacs. RIL has carried out similar assignments in respect of Gupta Metallics Ltd. Rathi Iron & Steel Industries Limited, Avtar Steel Pvt. Ltd., Punjab Steel Rolling Mill, Viki Industries Limited, etc. RIL would install and commission the rolling mill including training of technical staff of the GML.

IV. CAPTIVE POWER PLANT

GML has appointed M/s. Avante Garde Engineers and Consultants Pvt. Ltd., Chennai (AGECPL) to carry out detailed engineering services for the proposed 18 MW captive power plant at a lump sum fee of Rs.25 lacs (excluding man-day chargers for erection, commission and inspection).

Avante Garde, a professionally managed engineering consultancy and detailed engineering organization have been promoted by a group of well-qualified engineers who have worked earlier with Bharat Heavy Electricals Limited (BHEL). Avante Garde is registered with Power Finance Corporation limited, Asian Development Bank, Kuwait Fund Register for Consultants. European Commission Directorate Generator for Development and Ministry of Non-Conventional Energy Sources. Further it is also a business associate of Indian Renewable Energy Development Agency (IREDA) for promoting renewable energy projects in India.

The scope of work would inter alia comprise preparation of design schemes for fuel, ash handling, cooling water, review of overall plant lay out, preparation of electrical, mechanical requirement and technical specification for equipments and system packages, Design and engineering of in-house power distribution of waste heat recovery boilers, review of vendor drawings and project engineering of all interconnection system.

AGECPL has been engaged in carrying out similar assignments for several clients viz. SWIL Limited, Grasim Industries Limited, J.P. Rewa Chemicals, Electro steel castings Limted, Usha Ispat Limited, Jai Balaji Sponge Iron Limited, Bhushan Limited, Aarti Steel Limited, etc.

PLANT & MACHINERY

The setting up of the integrated steel plant under this project comprises of Sponge Iron division with a capacity of 99,000 MTPA, M.S Billets with a capacity of 1,76,420 MTPA, Re-Rolled products (TMT Bars) with a capacity of 1,68,300 MTPA and a Captive Power Plant of 18 MW capacity.

The entire project is divided into two phases. The Phase-I of the Project comprises of Sponge Iron, M.S. Billets and Rolling Mill. The commercial production for Phase-I has commenced on December 29, 2005.. For further details please refer page no. 26 of this Prospectus.

Phase-II comprises of the Captive Power Plant, which is expected to become operational by October 2006. The details of the plant and machineries ordered and not received and those not ordered are given on page no. 58 of this Prospectus. Also please refer page no. 18 for further details on the same.

The cost details of Land, Site Development and Buildings

COST OF LAND & SITE DEVELOPMENT

(Rs. In Lacs)

Sr. No.	Description	Amount
(A)	**LAND**	
	Freehold Land admeasuring 122 acres (approx5270400 sq.ft. at Village: Samakhayali, Taluka: Bachau, Kutch, Gujarat (inclusive of stamp duty, registration charges, Advocate Fees, etc.)	213.00
	Total (A)	**213.00**
(B)	**SITE DEVELOPMENT EXPENSES**	
I)	Cost of leveling and development of Land (The level of land to be raised to a height of 4 feet) Cost of filling taken @ Rs.1,00,000/- per acre.	122.00
II)	Approach pitch road 18 mtrs. Wide; 1500 mtrs long@ Rs.110/- per sq. mtr.	29.70
III)	Internal Road 2200 rm and 6 mtr wide road @ Rs.125 per sq. mtr. (Construction: Overburnt bricks and stone chips)	16.50
IV)	Cost of Compound Wall 7200 rft. 8 ft height @ Rs.700 per rft. (Construction: 5 inches thick cemented brick wall with RCC column, tie beam)	50.40
V)	Cost of 2 Nos. Iron Gates @ Rs.1,00,000/- each	2.00
	Total (B)	**221.00**
	Total (A+B)	**434.00**

BUILDING COST FOR SPONGE IRON DIVISION - (3 kilns of 100 TPD)

(Rs. In lacs)

Sr. No.	Description	Type of Construction	Measure-ment (L*B*H) (meters)	Area (sq.m.) (Rs.)	Rate/ sq.m. (Rs.)	Amount
1	Foundation for Kiln & Cooler	RCC & Structure	66*12.5	825	4500.00	37.13
2	Weighbridge Room & Building	Brickwork/RCC Roof	40*12	480	3000.00	14.40
3	Screen House & Stock House	RCC & Structure	90*15	1050	4500.00	47.25
4	ABC Building	RCC & Structure	62.5*15	937.5	4500.00	42.19
5	Cooler Water Tank	RCC				5.00
6	Working Platform	RCC & Structure	49.5*10	495	4500.00	22.28
7	Cooler Building	RCC & Structure	50*12	600	4500.00	27.00
8	Stores	Asbestos Roofing	90*12	1800	3000.00	54.00
9	Product House Shed	RCC & Structure	30*20	600	4000.00	24.00
10	Injection Coal Bunker	RCC & Structure	30*10	300	3500.00	10.50
11	Conveyor Gallery Fab. & Foundation	RCC & Structure	—	—	—	12.00
12	Control Room - Second Floor & Compressor Room	RCC & Brickwork	30*10	300	2665.00	8.00
13	Staff Quarters, Toilets	Asbestos Roofing	300*10	3000	200.00	6.00
14	Electric sub station, etc.	RCC & Structure	—	—	—	4.00
15	ESP, Recuperator 7 Chimney	RCC	—	—	—	10.00
	Total					**324.00**

BUILDING COST FOR BILLET DIVISION

(Rs. In lacs)

Sr. No.	Description	Type of Construction	Length (M)	Width (M)	Height (M)	Total Area (sq.m.)	Rate/ sq.m. (Rs.)	Amount
1	Main Plant Building	RCC foundation, AC Sheet roofing, MS joist column with angle bracing	180	21	13	3780	8000	302.40
2	Scrap Bay / Billet Storage Bay	- Do-	78	21	9	1683	6500	106.47
3	IF Platform & Control under Neath	RCC	54	14	5	756	6500	49.14
4	IF Transformer & Breaker Room	Brick builidng with roof	27	12	4	324	4600	14.90
5	a) CCM Electric Room roof	Brick builidng with	9	5	4	45	4600	2.07
	b) CCM Control Room	- Do-	8	4	4	30	4600	1.38
	c) CCM Hydraulic Room	- Do-	6	3	4	15	4600	0.69
6	Pump house for induction furnace, CCM, etc.	- Do-	34	5	4	170	4600	7.82
7	Cold Sumps, Hot Sumps, etc.	RCC	40	6	3	660 M3	3/Lit	19.80
8	Compressor Room	Bricks building with RC roof	6	5	4	30	4600	1.38
9	Shop Office	- Do-	5	4	4	18	4600	0.81
10	Laboratory	- Do-	5	4	4	18	4600	0.81
11	Central Store	—	15	10	4	150	4600	6.90
12	Overhead Reservoir	Steel Structure				150000	13/lit	19.50
13	Underground Reservoir	RCC	15	5	3	225 M3	4/lit	9.00
14	Electrical rooms like switch room, auxiliary transformer room, LT room, battery room, Supervisory panel room, etc.	RCC				228	4600	10.51
	Total							**554.00**

BUILIDNG COST FOR RE-ROLLING MILL DIVISION

(Rs. In lacs)

Sr. No.	Description	Type of Construction	Length (M)	Width (M)	Height (M)	Total Area (sq.m.)	Rate/ sq.m. (Rs.)	Amount
1	Main Factory Shed	Mill Bay with steel joist & asbestos C.G.I. Roof on M.S. Truss	113	21	8.50	2373	6500	154.25
2	—	Reheating Furnace bay and raw material shed with steel joist & C.G.I. Roof on M.S. Truss	25	21	8.50	525	4500	23.63
3	—	Lean-to-shed with steel joist & C.G.I. Asbestos roof on M.S. truss for finished goods & Stores	72	15	6.00	1080	5500	59.4
4	Electric Room	Water Complex, setting tank, pump house, lab, etc.	—	—	—	—	—	25.00
5	Pump house	Heavy duty RCC Mill machinery foundations	—	—	—	—	—	50.00
	Total							**312.00**

BUILDING COST FOR WASTE HEAT RECOVERY SYSTEM AND CAPTIVE POWER PLANT

(Rs. In lacs)

Sr. No.	Description	Amount
1	Main Power House, Boiler Area, Transformer foundation, Cable Trenches, Roads, Culverts, Structural steel including flooring pinting, Water reservoir, Raw Water Pipe Line, etc.	750.00

COMMON BUILDING

(Rs. In lacs)

Sr. No.	Description	Amount
1	Miscellaneous Buildings, Administrative Block, Weighbridge room, Guard Room, Canteen Cycle Stand, Parking area	100.00

CAPTIVE POWER PLANT

MACHINERIES ORDERED AND NOT RECEIVED

(Rs in lacs)

Sr No.	Particulars	Qty	Total	Suppliers Name	Order Date	Delivery
1	Waste Heat Recovery Boiler 10TPH	3	813.54	Thermax Limited, Pune.	13.11.2005	May, 2006
2	Site Fabrication for item No. 1	L.S.	235.00	Gallantt's Site	15.11.2005	June, 2006
3	AFBC Boiler 105 TPD	1	813.54	Thermax Babcox & Wilcox	15.12.2004	March, 2006
4	Site Fabrication for item No. 1	L.S.	335.00	Gallantt's Site	15.11.2005	June, 2006
5	Steam Turbine (Imported)	1	652.70	Hangzhou Steam Turbine Ltd.,	14.12.2004	March, 2006
6	Generator (Indegenious)	1	381.06	Greensol Power Systems, Pvt. Ltd.,Bangalore.	14.12.2004	March, 2006
7	Site Fabrication for item No. 5 & 6	L.S.	580.00	Gallantt's Site	15.11.2005	June, 2006
8	Air Cooled Condensor	1	495.99	GEI Hamor Industries, Bhopal	19.09.2005	March, 2006
9	Site Fabrication for item No. 8	L.S.	395.00	Gallantt's Site	15.11.2005	June, 2006
	Total		**4,701.83**			

MACHINERIES NOT ORDERED

(Rs. in lakhs.)

S No.	Particulars	Qty	Total (Estimated)
1	Coal Handling System	L.S.	350.00
2	Ash handling system for the boiler consisting of submerged scrapper conveyor	L.S.	150.00
3	High Pressure steam pipingand valves and support inc. PRDS.	L.S.	20.00
4	Auxillary & low pressure steam piping & other piping Valves and accessories	L.S.	20.00
5	HP/LP water heaters with valves & controls	L.S.	60.00
6	Water treatment plant	L.S.	80.00
7	Tanks & vesels	L.S.	30.00
8	Air conditioning system for the extension & ventilation system for the whole . TG building	L.S.	70.00
9	Air compressor 350 N. Cu M/ hr. 7 kg/sq.cm	L.S.	30.00
10	Fire protection system	L.S.	70.00
11	Distributed control system & misc. instru. other then that covered by packages & UPS	L.S.	180.00
12	Balance of plant instrumentation	L.S.	80.00
	Total		**1,140.00**

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. no.	Particulars	Technical Consultant	Cost* (Rs. In lacs)
I	Sponge Iron unit	Industrial Technical Consultants, Raipur	18.11
II	Power Plant	Avante Garde Engineers and Consultants Pvt. Ltd., Chennai	25.00
III	Architectural & Structural Engineering Services	Gian P. Mathur & Associates Pvt. Ltd., New Delhi	5.50
IV	Re-Rolling Mill Plant	RollMill Industries Ltd., Noida, UP	30.00
V	Reheating Furnace	Ranjit Desai & Associates	5.00
		Total	**83.61**

* Service Tax Extra

INFRASTRUCTURE FACILITIES FOR RAW MATERIALS AND UTILITIES LIKE WATER, ELECTRICITY, ETC.

1. AVAILABILITY OF RAW MATERIAL

Sponge Iron Division

The main raw materials required for manufacturing sponge iron are

- Iron ore with an iron content of 65% of size 5 mm to 15 mm.
- Steam coal with an ash content of around 30% with fixed carbon of around 45% with calorific value ranging from 4000-6000 and in the size of 0-12mm.
- Limestone having a CaO of 43% of size 1 to 2 mm.

All the above raw materials are easily available from domestic and international markets. Iron ore would be procured from the Bellary region, Karnataka, which is 1,200 kms away from the site. The iron ore would be transported to the site by rail/ road. The promoters are confident of procuring a steady supply of iron ore on account of their long experience in this particular line of activity. The other raw material viz. steam coal is proposed to be imported from Indonesia/South Africa through Kandla Port/Mundra Port on account of better properties. The company has already made long term arrangement for supply of its Raw Materials (Iron Ore with Shree Balaji Industries, Hospet, Bellary, Karnataka & Coal with Surya Coal, Surat) and have obtained letter of assurance from the suppliers.

Steel Melt Shop (M.S. Billet Division)

The main raw materials required for the manufacture of M.S. Billets are Sponge Iron, M.S. Scrap and Ferro Alloys. Sponge Iron would be manufactured in-house in the Sponge Iron division through Iron ore. The company will procure M.S. Scrap mainly from international market (South Africa). However, depending upon the price advantage, M.S. Scrap could also be procured domestically from primary steel sector plants located nearby and from other local suppliers. As regards Ferro alloys, the same would be required in very small quantities and can be procured locally without any difficulty.

Re-Rolling Mill

Re-rolled products are manufactured using M.S. Billets as the main feed stock. At 100% capacity utilization, the plant would require 1,76,420 tpa (considering 4.6% as wastage/scrap) of M.S. billets for its re-rolling mills. Since its own billet casting capacity is around 1,76,420 MTPA, the entire requirement of M.S. Billets would be procured in-house from its M.S. Billet Division.

Captive Power Plant (CPP)

The proposed CPP consist of three waste heat recovery boiler of 10 TPH steam generation capacity each, one Fluidised Combustion Boiler (FBC) of 65 TPH steam generation capacity and one 25 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 6 MW and balance 12 MW shall be generated from the Fluidized Bed Combustion Bolier. 70% fuel for the FBCB shall be lignite and balance 30% will be used as char available in-house from DRI Kilns (Sponge Iron Plant). Lignite is available from Ponandhara, which is about 170 kms from the site.

2. TRANSPORT

The site is well connected with all type of transportation

National Highway	The site is approx. 500 Mtrs from the NH 8A connecting New Delhi – Kandla – Mumbai highway.
Railway Station	The site is only 700 Mtrs away from the Samakhayali railway station.
Railway Siding	The Plant is located opposite to Samakhyali railway station with a view to have Company's own Railway Siding. However at present Gandhidham Railway sidings will be used which is 40 Kms from the site.
Sea Port	Kandla Port is only 50 Kms away from the site and Mundra Port is 70 kms away from the site.
Air Port	Bhuj airport is 60 Kms and Ahmedabad airport is 300 Kms from the site.

Thus, the location of the site will be advantageous to the company in transportation of raw materials- imported and local, and finished products.

3. POWER

As per professional Management Consultant, the power required for the different divisions at 100% capacity utilization would be as under:

	SI Plant	MS Billet	RM	CPP	Total
Power requirement (in lacs units)	74.25	1293.73	123.42	—	1491.40

The CPP would generate 1,154.74 lacs units at 90% efficiency. Based on above, GML would have a shortfall of 336.67 lacs units equivalent to about 4.25 MW (No. of shortfall units/ No. of Hrs. available per annum), which will be met through the Paschim Gujarat Vij Company Limited (PGVCL), a subsidiary company of Gujarat Electricity Board (GEB). PGVCL vide its letter dated 7/4/2005 has agreed 'in-principle' for the power connection of 17,000 KVA.

The CPP is proposed to start commercial operations from October 2006, whereas the Phase-I commercial operations have started from December 29, 2005. During the interim period, GML proposed to meet its requirement of power by taking a connection of 9000 KVA from PGVCL and balance by way of a DG set of 8000 KVA. The cost of power generation from DG set is estimated at around Rs.4.25 per unit. After commissioning of the CPP, GML proposes to surrender the excess power (approx 4000 KVA) to PGVCL. However, it would have to pay the demand charges for the remaining period of stipulated period of 2 years as per agreement with PGVL.

The company has also proposed to install D.G. set of 2000 KVA to meet the emergency Power requirements.

4. WATER

Water is required for cooling and sanitation purposes. The company proposes to meet its make up water requirement of about 15 lacs liters per day from Narmada Canal, which is passing nearby. Gujarat Water Supply & Sewerage board (GWSSB) vide its letter dated April 7, 2005 has approved drawl of water from Mallya-Bhachau pipeline section. As per GWSSB, the approximate charges per 1000 litre of water would be Rs.15/-.

5. COMPRESSED AIR

Compressed air would be used for pneumatic cylinder of rotary shears and for general purpose cleaning at various points. GML has proposed one air compressor of 300 NM3/hr at 0.3 Mpa.

HUMAN RESOURCES POLICY

In each enterprise or industry employees are key contributors for business success. Accordingly, the Company will focus on recruiting, training and retaining the best people possible. It believes that a combination of its position as one of the cheapest steel manufacturer in the region, its working environment and competitive compensation programmes will allow it to attract and retain talented / quality people. It believes that relationship with its employees will be congenial. None of its present employees belong to a union.

The following table sets out the number of the proposed employees:

Department	Total Number of Employees
Production & Engineering	25
Finance, Accounting, Audit and Legal	15
Purchasing and Imports	10
Human Resources and Administration	5
Plant Maintenance	50
Quality Assurance and R & D	5
IT & EDP	5
Others	185
Total Number of Employees	**300**

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 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 organisational 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 LIC as per the norms of the LIC.

Employee Insurance

The Company will cover its employees with ESIC cover and for employees at managerial & above levels (including their direct dependents) it will provide medical insurance cover, which includes hospitalization benefits

Real Estate and Real Property

The corporate headquarters is located at the 21, Hemanta Basu Sarani, 3rd floor, Room No 306, Kolkata: - 700 001. The manufacturing facility is at village Samakhayali Kutch, Gujarat.

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.

To help maintain the health and safety of its employees, Company will provide employees with periodic safety check-ups, safety equipment and continually update and distribute safety manuals.

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.

Motivation

The company believes in motivating the employees for modernizing the operation namely to meet the competitiveness of the market by innovative cost cutting and in different levels of manufacturing by introducing latest methodology adopted in India & abroad. The employees will be provided with exposure in the latest technology and competitive market scenario with a focus to meet the challenges of national & international competitive atmosphere.

PRODUCTS OF THE COMPANY

PRODUCTS AND USES

GML proposes setting up of a steel plant to manufacture Sponge Iron, M.S. Billets, Re-Rolled products (TMT Bars) along with a Captive Power Plant.

1. SPONGE IRON

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.

2. M.S. BILLETS

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.

GML would be consuming entire Billets in-house for manufacturing rolling products.

3. TMT BARS

Bars belong to the family of long products of steel. Construction and Infrastructure – two high growth sectors in the country are the primary consumers of bars.

MARKETING STRATEGY

There is good potential for the Company, as in the western region there is substantial gap between demand and supply of finished steel and the Company plans to sell their maximum production within the state of Gujarat, Maharashtra and Rajasthan. The demand for TMT bars/ structurals is set to increase due to growth in construction and infrastructural activities especially in the region of Kutch and adjoining areas affected by earthquake.

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 with minimum efforts.

BUSINESS STRATEGIES

The company proposes to devise following strategies considering the existing competition in the industry and future entrants:

GML proposes to set up a vertically integrated steel plant. The entire Sponge Iron would be consumed in-house for manufacturing of billets, which would further be rolled into TMT bars along with installation of captive power plant utilising the waste heat from the sponge iron plant would improve the overall profitability of the project making it financially more viable. The integrated nature of the plant provides cushion against fluctuation in the supply and prices of inputs required for its Billet and Re-rolling division.

The project also envisages a 18 MW captive power plant, which would ensure uninterrupted power supply and would eliminate the dependence on the State Electricity Board to a large extent. Further, on account of the captive power plant, power would be available to the unit at a cheaper cost, which in turn would improve the company's profitability.

FUTURE PROSPECTS

Indian Steel Sector is expected to witness growth in next few years backed by domestic drivers such as infrastructure and automobiles demand along with close co-relation with the rising global trend. The growth of the Chinese economy has accelerated the global demand for the basic materials, required for building infrastructure and automobiles, resulting in the global growth rates of steel, aluminum and coal which nearly doubled in the last two years as compared to the 90's India is uniquely positioned to play a significant part in servicing this global demand due to its low cost advantage.

CAPACITY & CAPACITY UTILIZATION

I Sponge Iron

Year	2005-06	2006-07	2007-08
Installed Capacity (TPA)	99,000	99,000	99,000
Capacity Utilization (%)	70	70	80
No. of Months	3	12	12
Production (TPA)	17,325	69,300	79,200

II M.S. Billet

Year	2005-06	2006-07	2007-08
Installed Capacity (TPA)	1,76,420	1,76,420	1,76,420
Capacity Utilization (%)	70	70	80
No. of Months	3	12	12
Production (TPA)	30,874	1,23,494	1,41,136

III TMT Bars

Year	2005-06	2006-07	2007-08
Installed Capacity (TPA)	1,68,300	1,68,300	1,68,300
Capacity Utilization (%)	70	70	80
No. of Months	3	12	12
Production (TPA)	29,453	1,17,810	1,34,640

IV Captive Power Plant

Year	2006-07	2007-08	2008-09
Installed Capacity (MW)	18	18	18
Capacity Utilization (%)	90	90	90
No. of Months	5	12	12
Production (MW)	6.75	16.2	16.2

PURCHASE OF PROPERTY

GML has acquired 122 acres of freehold land from various private parties at village. Samakhayali, in Kutch district at a total cost of Rs. 213 lacs including registration and stamp duty expenses.

Except as stated in "Objects of the Issue" in this Offer Document and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, there is no property which we have purchased or acquired or propose to purchase or acquire, which is to be paid for wholly or partly out of the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Offer Document , other than property in respect of which:

- The contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- The amount of the purchase money is not material. The Company has not purchased any property in which any of its promoters and/or Directors, have any direct or indirect interest in any payment made thereof.

KEY INDUSTRY- REGULATIONS AND POLICIES

Post liberalization the Indian government has removed many of the barriers hindering the growth in the sector. But to fulfill the potential of the country's iron and steel industry, the government needs to eliminate the remaining barriers.

The key regulations and policies having a significant impact on iron and industry are as follows:

INCENTIVES PROVIDED BY CENTRAL GOVERNMENT AND STATE GOVERNMENTS

This is a capital-intensive industry and to encourage entrepreneurs the government provides various incentives such as rebate/exemptions from imposition of sales tax, excise duties and income tax.

There are Special Fiscal incentives for Sales Tax and Excise Duty for Economic Development of Kutch District as declared by Government after the earthquake in Kutch region.

- ***Refund of Excise Duty***

Under the Incentive Scheme, the plant should commence its manufacturing operations on or before 31st December, 2005 (Notification N. 55/2004-CE dt, 9.11.04). If the conditions are met, the refund of Excise Duty paid on finished product will be available for a period of 5 years for an unlimited amount.

- ***Sales Tax Exemption***

In addition, benefit under Sales Tax Exemption would also be available to the extent of 100% of the eligible investment (fixed assets) for a period of 10 years from the date of commencement of commercial production. These benefits would enhance the viability of the project and will provide partial safeguard against drop in sales realization, if any.

- ***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.

- ***Other Income Tax benefits***

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 31st March, 1998.

In terms of Clause (iia) 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 31st March 2005, subject to conditions specified therein.

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.

Under Section 35D of the Act, the Company will be entitled to a deduction equal to 1/5th 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.

- ***Infrastructure Limitations***

The industry is dependant on the state of infrastructure available as huge quantities of material needs to be transported. The high cost of transportation coupled with inadequate service capacity acts as a hindrance. Any policy decision by the government in developing infrastructure has a direct positive impact on the industry.

- ***Pollution Control Norms***

Sponge iron production is a highly polluting process and companies are required to comply with stringent polluting norms. To comply with global standards of pollution norms and WTO agreement signed by the government, the government may take further stringent measures to curb pollution, which may affect the existing units.

GALLANTT METAL LIMITED

HISTORY AND CORPORATE STRUCTURE OF THE ISSUER COMPANY

Gallantt Metal Limited (GML), a closely held public limited company, was incorporated in February 2005 having its registered office at "Centre Point", 21, Hemant Basu Sarani, 3rd Floor, Room No. 306, Kolkata- 700 001, India . GML has been promoted by Shri Chandra Prakash Agrawal, Shri Dinesh R. Agarwal, Shri Nitin Kandoi and P.B. Mercantiles Pvt. Ltd.

The promoter directors of the company are in diversified business. Shri Chandra Prakash Agrawal had promoted Govind Mills Limited (GoML) in 1988 to set up a flour mill (18,000 tpa) at Gorakhpur (U.P.). GoML currently has flour mills in and around Gorakhpur with an aggregate installed capacity of around 2,50,000 tpa. In 1994, Shri Chandra Prakash set up a steel unit comprising of Induction furnace and re-rolling mill at Gorakhpur for manufacturing of M.S. Ingot and M.S Round Bar with an installed capacity of 52,800 tpa under the same company. Shri Dinesh R. Agarwal, one of the promoters, had promoted another group company viz. M/s. Ganesh Laxmi Processors Pvt. Ltd (GLPL) in 1993. GLPL is having dying, printing and processing house of Art Silk cloth at Surat with an installed capacity of 126 lacs mtrs. p.a.

GML has been incorporated with a view to set up a steel plant at Kutch, Gujarat, to manufacture Sponge Iron, M.S. Billets, Re-Rolled products (TMT Bars) with a captive power plant. The proposed project is envisaged to have the following manufacturing facilities.

- Sponge Iron Plant with a capacity of 99,000 MTPA
- Steel Melt Shop: M.S. Billets via Induction Furnace & Caster Machine Route with a capacity of 1,76,420 MTPA
- Re-Rolled Products with a capacity of 1,68,300 MTPA.
- Captive Power Plant of 18 MW capacity

MAJOR EVENTS IN THE HISTORY OF THE COMPANY

The Company is incorporated in February 2005and Phase-I commercial operations have started from December 29, 2005. There are no major events that have taken place since Company's incorporation.

MAIN OBJECTS

The main objects of the company as set forth in the Memorandum of Association of the company are as follows:

- 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 sheets casting, wires, rails, rolling materials, rollers etc. semi-manufactured and other materiasl made usually or partly of iron, steel alloys and metals 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 for sale/transmission.
- To carry on business as manufacturers, processors, importers, exporters, and dealers in all kinds of minerals like ferrous, copper, zinc, alluminium, coal etc, including the mining activity.
- 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 metals 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.
- To carry on the business as manufacturers, processors, importers, exporters, and dealers in all kinds of castings products, iron & steel goods and as iron-masters, iron founders, iron-workers, steel makers, electric etc. and blast furnaces proprietors, brass founders and metals 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, boiler and steam generating plant makers metallurgists.

CHANGES IN THE MEMORANDUM OF ASSOCIATION:

Since incorporation following changes have taken place in the Memorandum of Association:

Date of Amendment	Amendment
15/04/2005	The Authorised Share Capital of the Company was increased from Rs.5 crores to Rs.30 crores (Thirty Crores only) divided into 300 lac (Five hundred Lac only) of Equity Shares of Rs. 10/- each with the rights, privileges and conditions attaching thereto as are provided by the regulation of the Company for the time being with power to increase and reduce the Capital of the Company and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with regulation of the Company and to vary, modify on any/each rights, privileges, or conditions in such manner as may for the time being be provided by the regulations of the Company.
22/08/2005	The Authorised Share Capital of the Company was increased from Rs.30 crores to Rs.50 crores (Fifty Crores only) divided into 500 lac (Five hundred Lac only) of Equity Shares of Rs. 10/- each with the rights, privileges and conditions attaching thereto as are provided by the regulation of the Company for the time being with power to increase and reduce the Capital of the Company and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with regulation of the Company and to vary, modify on any/each rights, privileges, or conditions in such manner as may for the time being be provided by the regulations of the Company.
25/10/2005	The Authorised Share Capital of the Company is Rs. 80 Crores (Eighty Crores only) divided into 800 lac (Eight hundred Lac only) of Equity Shares of Rs. 10/- each with the rights, privileges and conditions attaching thereto as are provided by the regulation of the Company for the time being with power to increase and reduce the Capital of the Company and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with regulation of the Company and to vary, modify on any/each rights, privileges, or conditions in such manner as may for the time being be provided by the regulations of the Company.

SUBSIDIARIES OF THE ISSUER COMPANY

The company has no subsidiaries as on the date of filing of Prospectus.

SHAREHOLDERS AGREEMENTS

At present there are no shareholding agreements between the company and any other person.

STRATEGIC & FINANCE PARTNERS

The company has no strategic and financial partners as on the date of filing of Prospectus.

OTHER AGREEMENTS

Refer material contracts as on page no. 130 for details on the other agreements

MANAGEMENT

As per the Articles of Association, the Company must have a minimum of three (3) and a maximum of twelve (12) Directors. As on the date of filing of Prospectus, the Company has six (6) Directors of which the Company has only three (3) full time director as on the date of filing of Prospectus.

BOARD OF DIRECTORS

The following table sets forth the details regarding the Board of Directors:

Sr. No.	Name, Age, Designation, Fathers name, Address and Occupation	Date of Appointment	Other Directorship
1.	**Shri Chandra Prakash Agrawal,** 50 Managing Director S/o. Late Govind Prasad Agarwal Bargawada, Vikas Nagar, Gorakhpur Industrialist	01/09/2005	• Govind Mills Limited • Govind Steel & Power Ltd.
2.	**Shri Nitin Kandoi,** 33 Director S/o. Late Mahavir Prasad Kandoi Bargawada, Vikas Nagar, Gorakhpur Industrialist	07/02/2005 (Since Incorporation)	• P.B. Mercantiles Pvt. Ltd. • Govind Mills Ltd.
3.	**Shri Dinesh R. Agarwal,** 38 Director S/o. Shri Raghubir Prasad Agarwal B-1003-04, Opera House, City Light, Surat (Gujarat) Industrialist	07/02/2005 (Since Incorporation)	• Ganesh Laxmi Processor Pvt. Ltd. • Ganesh Laxmi Steel Pvt. Ltd. • G.L. Sarees Pvt. Ltd. • Kadodara Power Pvt. Ltd. • Palsana Enviro Protection Pvt. Ltd. • Paramount Vyapar Pvt.Ltd.
4.	**Mr. Sushil Kumar Agrawal,** 41 Independent Director S/o: Mr. Jugal Kishore Agrawal “Centre Point”, 21, Hemant Basu Sarani, 3rd Floor, Room No.306, Kolkata – 700 001 Industrialist	01/07/2005	• E.com Infotech Ltd. • Saurabh Management Pvt. Ltd. • Madhumati Credit Pvt. Ltd. • Automatrix Commodities Pvt. Ltd. • Saumya Properties Pvt. Ltd. • Nikki Logistic Pvt. Ltd. • Pecon Sales Pvt. Ltd. • SRM Consultant Pvt. Ltd. • Govind Steel & Power Ltd. • SMH Capital Limited
5.	**Mr. J.N. Dey,** 68 Independent Director S/o: Lt. Mr. A.N. Dey 48/1A, Dr. Suresh Sarkar Road, Kolkata – 700 014 Engineer	30/11/2005	NIL

Sr. No.	Name, Age, Designation, Fathers name, Address and Occupation	Date of Appointment	Other Directorship
6.	**Mr. Rajesh Kumar Jain,** 35 Independent Director S/o: Shri Sushil Kumar Jain 89/284, Bangar Park, Rishra, Hoogly, West Bengal Business	30/11/2005	NIL

BRIEF PROFILE OF THE DIRECTORS

Shri Chandra Prakash Agrawal, Shri Nitin Kandoi, Shri Dinesh R. Agarwal, being the Promoter Directors of the Company, their profiles are mentioned under the head 'Promoters'. Please refer to page no. 77 of this Prospectus for further details.

Mr. Sushil Kumar Agrawal – Independent Director

Mr. Sushil Kumar Agrawal, aged 41 years is a M.Sc. (Maths) and a Chartered Accountant. He has 20 years of experience in Auditing and Taxation of Corporate and Firms. He is a partner in Agrawal S. Kumar and Associates.

Mr. J.N. Dey – Independent Director

Mr. J.N. Dey, aged 68 years is an Electrical Engineer. He has an experience of over 36 years in industry, management, engineering, development of technology and banking and commerce. He is member of various professional bodies viz. Association of Consulting Engineers (I), Indian Society of Lighting Engineers, Arbitration of Council of India, and many more.

Mr. Rajesh Kumar Jain – Independent Director

Mr. Rajesh Kumar Jain, aged 35 years is a Bachelor of Commerce and a Chartered Accountant. He is proprietor of Rajesh Sushil & Co.

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 & 370 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 favour 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.

TERMS OF APPOINTMENT & COMPENSATION OF MANAGING DIRECTOR/WHOLETIME DIRECTOR

Shri C.P. Agrawal was appointed as Director of the Company on 1st April 2005 and was subsequently appointed as Managing Director of the Company in the Board Meeting held on 1st September, 2005 w.e.f from that date for a period of 5 years.The Company shall pay to the Managing Director during the continuance of the agreement in consideration of the performance of his duties:

Salary: At the rate of Rs.20,000/- (Rs. Twenty thousand only) per month from 1st day of September 2005 in the scale of Rs.20,000-2,000-50,000/- with provision for annual increment of Rs.2,000/- from the beginning of the Financial Year.

Perquisites: He will be entitled to reimbursement of medical expenses and leave travel concession for self and family, club fees and premium for medical/accidental insurance subject to maximum amount not exceeding Rs.3,00,000/- in a financial year. For the purpose of calculating the ceiling, the perquisites shall be evaluated as per Income Tax Rules, 1961.

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

Commission: No commission shall be paid to him.

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

Sitting Fees: The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof from the date of his appointment.

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

Shri Dinesh R. Agrawal was appointed as Wholetime Director of the Company on 1st November 2005 for a period of 5 years. The Company shall pay to the Wholetime Director during the continuance of the agreement in consideration of the performance of his duties:

Salary: At the rate of Rs.15,000/- (Rs. Fifteen thousand only) per month from 1st day of November 2005 in the scale of Rs.15,000-2,000-50,000/- with provision for annual increment of Rs.2,000/- from the beginning of the Financial Year.

Perquisites: He will be entitled to reimbursement of medical expenses and leave travel concession for self and family, club fees and premium for medical/accidental insurance subject to maximum amount not exceeding Rs.3,00,000/- in a financial year. For the purpose of calculating the ceiling, the perquisites shall be evaluated as per Income Tax Rules, 1961.

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

Commission: No commission shall be paid to him.

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

Sitting Fees: The Wholetime Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof from the date of his appointment.

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

Shri Nitin Kandoi was appointed as Wholetime Director of the Company on 1st November 2005 for a period of 5 years. The Company shall pay to the Wholetime Director during the continuance of the agreement in consideration of the performance of his duties:

Salary: At the rate of Rs.15,000/- (Rs. Fifteen thousand only) per month from 1st day of November 2005 in the scale of Rs.15,000-2,000-50,000/- with provision for annual increment of Rs.2,000/- from the beginning of the Financial Year.

Perquisites: He will be entitled to reimbursement of medical expenses and leave travel concession for self and family, club fees and premium for medical/accidental insurance subject to maximum amount not exceeding Rs.3,00,000/- in a financial year. For the purpose of calculating the ceiling, the perquisites shall be evaluated as per Income Tax Rules, 1961.

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

Commission: No commission shall be paid to him.

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

Sitting Fees: The Wholetime Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof from the date of his appointment.

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

CORPORATE GOVERNANCE & SUB-COMMITTEES

The provisions of the listing agreement to be entered into with NSE and BSE, including with respect to corporate governance will be applicable to the Company immediately upon listing of its Equity Shares on the stock exchanges and Company is in compliance with the provisions of the listing agreements with these stock exchanges especially relating to corporate governance, broad basing of management and setting up necessary committees like the Audit Committee and the Shareholders'/Investors' Grievance Committee. The Company has complied with SEBI Guidelines in respect of corporate governance especially with respect to broad basing of the Board, constituting the committees such as Shareholders'/Investors' Grievance Committee details of which are give below. The Company has constituted the following committees of its Board of Directors for compliance with corporate governance requirements:

- Audit Committee,
- Share Transfer and Shareholders'/Investors' Grievance Committee, and
- Remuneration Committee.

AUDIT COMMITTEE

The Audit Committee was constituted on November 30, 2005. The composition of Audit Committee is as follows:

Chairman: Mr. Sushil Kumar Agrawal (Non-Executive / Independent Director, and is a Chartered Accountant.)

Members: Mr. Rajesh Jain (Non-Executive / Independent Director, and is a Chartered Accountant (FCA))

Mr. J.N. Dey (Non-Executive / Independent Director, and is a Electrical Engineer)

The Company Secretary of the Company shall act as the Secretary of the Committee.

The purposes for which the committee is constituted and the general business transacted by the committee are as follows:

- 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.
- Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit
  - The going concern assumption
  - Compliance with accounting standards
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Discussion with the internal auditors of any significant findings, and follow up thereon.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividend) and creditors.

SHARE TRANSFER AND SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Share Transfer and Shareholders'/Investors' Grievance Committee was constituted on November 30, 2005. The composition of the Committee is as follows:

Chairman: Mr. Rajesh Jain (Non-Executive / Independent Director, and is a Chartered Accountant (FCA))

Members: Mr. Sushil Kumar Agrawal (Non-Executive / Independent Director, and is a Chartered Accountant.)

Mr. J.N. Dey (Non-Executive / Independent Director, and is a Electrical Engineer)

The Company Secretary of the Company shall act as the Secretary of the Committee.

The purposes for which the committee is constituted and the general business transacted by the committee are as follows:

- The share certificates should be duly stamped as per respective state Stamp Act.
- The share certificate should be autographically signed by two Directors and Company Secretary of by Assistant Company Secretary of such other Official as may be authorized by the Share Allotment, Transfer and Investors Grievances Committee from time to time.
- To do all works relating to registration of transfer, transmission, consolidation, split and issue of duplicate shares of the Company and also authorized to do all necessary works relating to Equity Shares of the Company subject to the provisions of the various enactments.
- To do all necessary things as may be required from time to time under the Companies Act, 1956 and other related enactments

REMUNERATION COMMITTEE

The Remuneration Committee was constituted on November 30, 2005. The composition of the Committee is as follows:

Chairman: Mr. J.N. Dey (Non-Executive / Independent Director, and is a Electrical Engineer)

Members: Mr. Sushil Kumar Agrawal (Non-Executive / Independent Director, and is a Chartered Accountant.)

Mr. Rajesh Jain (Non-Executive / Independent Director, and is a Chartered Accountant (FCA))

The Company Secretary of the Company shall act as the Secretary of the Committee.

The purposes for which the committee is constituted and the general business transacted by the committee are as follows:

- Remuneration payable to the Managing Director/Whole time Directors of the Company
- Sitting fee payable to the Non-Executive Directors of the Company
- Remuneration policy of the Company covering policies on remuneration payable to the senior executives of the Company

SHAREHOLDING OF DIRECTORS

The shareholding of the directors as on the date of filing of Prospectus is as follows:

Sr. No.	Name of Director	No. of Shares	Date acquired
I	Shri Chandraprakash Agrawal	10,000 2,90,000	07/02/2005 30/04/2005
II	Shri Nitin Kandoi	500 10,000	07/02/2005 21/10/2005
III	Shri Dinesh R. Agarwal	10,000 2,00,000	07/02/2005 31/03/2005

INTEREST OF DIRECTORS

All the non executive directors of Gallantt Metal Ltd. 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 Metal Ltd. 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 Metal Ltd. 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 no. 83). 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 Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

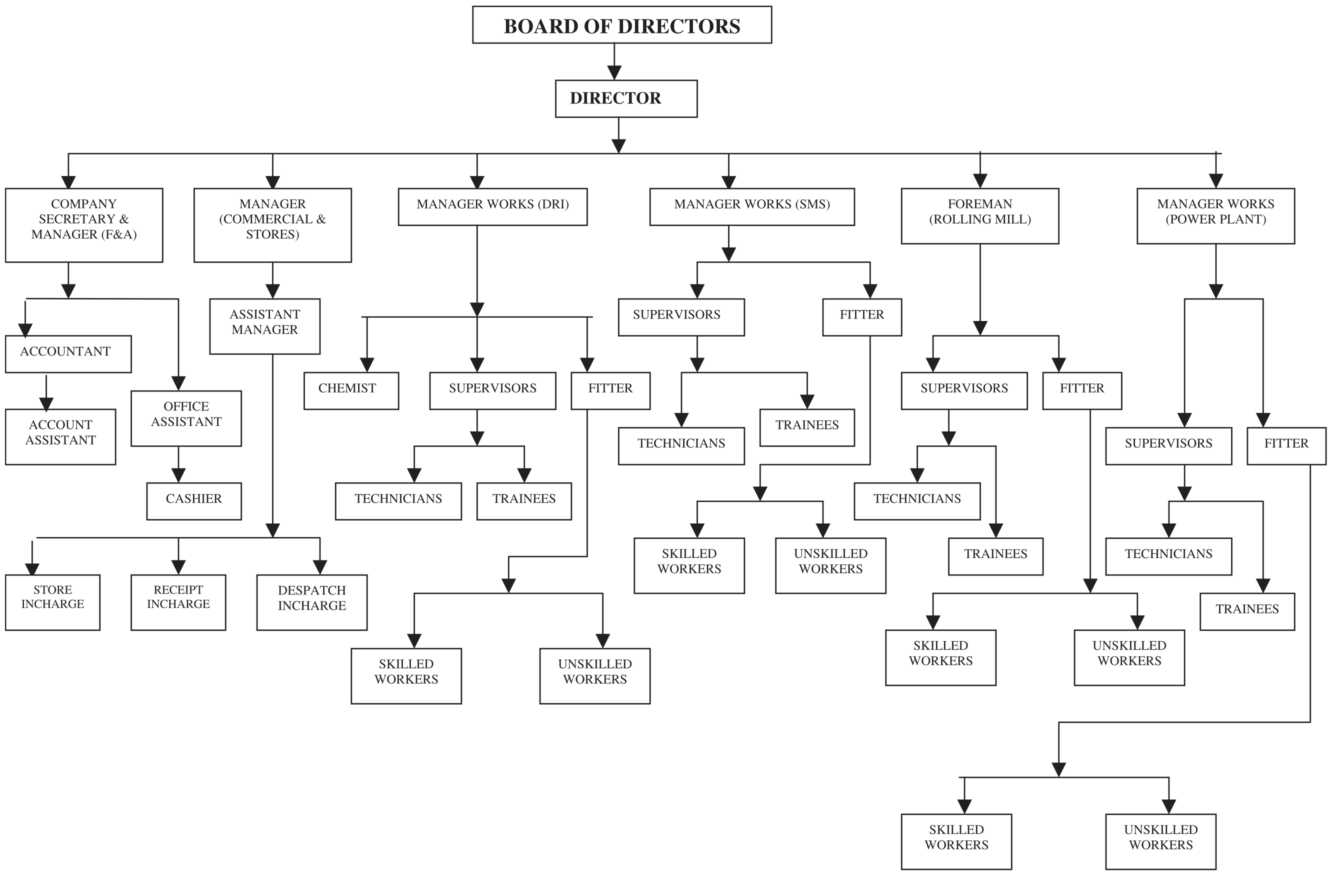
Except as stated otherwise in this Prospectus, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of the 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:

Name	Date of appointment	Date of cessation	Reasons
Mr. Mayank Agrawal	07.02.2005	16.02.2005	Resignation
Mr. Santosh Kumar Agarwal	14.02.2005	15.04.2005	Resignation
Mr. P.V.S. Rao	01.07.2005	30.11.2005	Resignation

MANAGEMENT ORGANISATION STRUCTURE



KEY MANAGERIAL PERSONNEL

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of production/finance/ distribution/marketing and corporate laws. The following key personnel assist the Management:

DETAILS OF THE KEY MANAGERIAL PERSONNEL ARE AS FOLLOWS:

Sr. No.	Name	Designation	Age (Yrs.)	Qualification	Date of Appointment	Experience (Yrs.)	Previously Employed
1	Mr. Chandra Prakash Agrawal	Chairman & Managing Director	50	B.com	01/09/2005	18	Promoter of Govind Mills Ltd
2	Mr. Nitin Kandoi	Wholetime Director	33	B.com	Since Incorporation	10	Director of Govind Mills Ltd
3	Mr. Dinesh R. Agarwal	Wholetime Director	38	B.com	Since Incorporation	17	Promoter of Ganesh Laxmi Processors Pvt. Ltd
4	Mr. Rajesh Upadhyaya	Company Secretary & Manager (F&A)	27	Company Secretary	04/08/2005	3	M/s. Bacchhat Investment & Finance Ltd. Kolkata
5.	Mr. Dipen Mehta	Manager Commercial	36	Diploma in Mech. & Elect. Engg. & in Mfg. Management	01/11/2005	15	M/s ABM Steels Pvt. Ltd, Vatva, Ahmedabad.

Sr. No.	Name	Designation	Age (Yrs.)	Qualification	Date of Appointment	Experience (Yrs.)	Previously Employed
6.	Mr. Kanahiya Shetty	Manager Works (DRI unit)	35	Diploma in Mech. Engg.	07/10/2005	13	M/s Shyam Ispat, Raigarh.
7.	Mr. K. Phalguna Rao	Manager Works (SMS unit)	53	B Sc. Chemistry.	30/11/2005	25	M/s Bellary Steel Ltd. Bellary.
8.	Mr. Pradeep Sharma	Foreman (Rolling mill unit)	35	Intermediate	07/10/2005	18	M/s Islam Steel, Chitagaon Bangladesh.
9.	Mr. Shakil Shaikh	Manager Works (Power plant)	30	Diloma in Elect. Engg.	15/11/2005	10	Bhagawati Power Plant Mumbai.
10.	Mr. Paul Thomas	Asst. Manager Store	34	Commerce Graduates	01/10/2005	16	M/s Skyline Cargo agents Pvt. Ltd., Mumbai.

All the above employees, Key Managerial Personnel, are the permanent employees of the Company

SHAREHOLDING OF OUR KEY MANAGERIAL PERSONNEL

The Shareholding of our Key Managerial Personnel as on date of this Prospectus is as follows:

Name	No. of Shares
Mr. Chandra Prakash Agrawal (Chairman & Managing Director)	300,000
Mr. Nitin Kandoi (Wholetime Director)	10,500
Mr. Dinesh R. Agarwal (Wholetime Director)	2,10,000

BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL

There is no Profit Sharing Plan for the Key Managerial Personnel. The Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

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 Prospectus with the Board.

FAMILY RELATION WITH KEY MANAGERIAL PERSONNEL (KMP)

No family relation exists between the Promoters and KMP except:

Shri. Chandra Prakash Agrawal who is both promoter and KMP

Shri. Nitin Kandoi who is both promoter and KMP

Shri. Dinesh R. Agarwal who is both promoter and KMP

EMPLOYEES

Disclosures Regarding 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

Since incorporation the Company has not paid or given any amount or benefit to any of its officers except the normal remuneration for services rendered as Directors, officers or employees.

PROMOTER'S GROUP

PROMOTERS AND THEIR BACKGROUND

1. **Shri Chandra Prakash Agrawal,** Chairman and Managing Director, aged 50 years, B. Com, and the Promoter of the Company has an overall experience of 18 years including 10 years of experience in the steel industry. Shri Agrawal has been associated with M/s. Govind Mills Limited, a company having induction furnace, rolling mill for rolling steel products as also flour mills. He is heading the General Administration & Finance of GML.

2. **Shri Nitin Kandoi,** Director, aged 33 years, B. Com, and one of the Promoters of the Company has about 10 years of experience in the steel Industry and would be in charge of the factory operations of GML. He was looking after the operations of steel division of M/s. Govind Mills Ltd one of the group companies.

3. **Shri. Dinesh Kumar Agarwal,** Director, aged 38 years, B. Com, and one of the Promoters of the Company has a 17 years of experience in textiles sector. Over the years he has gained experience in yarn dyeing and printing. He would be looking after marketing, accounts and liasioning of the Company. He is also the Chairman and Managing Director of Kadodara Power Pvt. Ltd looking after the commissioning of 2.43 MW of CNG Based Captive Power Plant for a group of five best Process Houses of Surat in vicinity of Ganesh Laxmi Processors Pvt. Ltd.

Name of the Promoter	**Shri Chandra Prakash Agrawal**	**Shri Nitin Kandoi**	**Shri Dinesh Kumar Agarwal**
Photo of the Promoters			
Driving License No.	7307/04	MH-01-90-18327	N.A.
Passport Details	A7442744	N.A.	E 9393091
Pan No.	ABLPA8567C	ADGPK2901C	AAKPA8079K
Voter Id No.	N.A.	MT/04/019/255136	N.A.
Name of Bank and Branch	HDFC, Gorakhpur	HDFC, Gorakhpur	State bank of Travancore, Surat
Savings Bank Account No.	2841000014225	2841000014534	57022436619

The Company confirms that the Permanent Account Number, Bank Account Number, Passport Number and Voter ID No. of Shri Chandra Prakash Agrawal, Shri Nitin Kandoi and Shri Dinesh Kumar Agarwal will be submitted to the NSE and BSE at the time of filing of this Prospectus with them.

4. P. B. Mercantiles Private Limited

Background of the Company

The company (PBMPL) was promoted by Shri Lahar C Kochar and Shri Sambhoo P Sharma on November 1, 1985, having its registered office at 33, C.R. Avenue, 9th Floor, Kolkata - 700 013. The company is currently engaged in investment in securities and providing of loans. The company is registered with Reserve Bank of India as Non Banking Financial Company (NBFC) vide Registration no.05.02049 dtd.04/05/1998.

Date of Incorporation	November 1, 1985
Registration No	21-39696 of 1985
Registrar of Companies	Nizam Palace, 2nd MSO Bldg, 2nd flr., 234/4, A.J.C. Bose Road, Kolkata – 700 020
Nature of Business	Investment in Shares
PAN No.	AABCP5534C
NBFC Registration No.	05.02049
Banker	HDFC, Sthephen House, Kolkata
Bank Account No.	0082320012416

Board of Directors

The present directors of the company are as follows:

Name of Director	**Date of Appointment**
Cyril Nayagam	08/10/1996
Ram Krishna Das	08/10/1996
Raj Kumar More	08/11/2004
Radha Ranjan Giri	08/11/2004
Nitin Kandoi	15/04/2005

Financial Highlights

The financial highlights for the last 3 years are given below:

(Rs. In Lacs)

Year Ended March 31	**2003**	**2004**	**2005**
Sales	1.80	—	—
Profit After Tax (PAT)	-0.02	-0.04	0.10
Equity Capital	36.00	40.00	231.20
Reserves (excluding revaluation reserves)	0.31	0.27	765.17
Net Worth	36.31	40.27	996.37
Earnings Per Share (EPS) (in Rs.)	-0.0047	-0.0088	0.0045
Net Asset Value (NAV) per share (in Rs.)	10.09	10.07	43.10

Source: Audited Financial Statements

5. Govind Mills Limited

Background of the Company

Govind Mills Limited (GoML) [Formerly known as Govind Agro Industries Pvt. Ltd.] was incorporated by Shri Chandra Prakash Agrawal in November 1988 to set up a flourmill with an installed capacity of 18,000 MTPA. It expanded the capacity of flourmill to the tune of 72,000 tpa by 1996. In 2000-01, GoML purchased a running flourmill with an installed capacity of 54,000 tpa at Partawal Dist. Maharajgunj, U.P. In 2001-02, the company set up another flourmill with an installed capacity of 72,000 tpa in Basti, U.P. At present, the company is managing flourmills in and around Gorakhpur, U.P., with an aggregate installed capacity of around 250,000 tpa. In 1994, the company had also diversified into steel industry by setting up an induction furnace and rolling mill at Gorakhpur for manufacturing of M.S. Ingot and M.S Round Bar with an installed capacity of 52,800 tpa. GoML is banking with State Bank of India, Oriental Bank of Commerce and HDFC Bank, Gorakhpur.

Date of Incorporation	November 3, 1988
Registration No.	21-95115
Registrar of Companies	Nizam Palace, 2nd MSO Bldg, 2nd flr., 234/4, A.J.C. Bose Road,
	Kolkata – 700 020
Nature of Business	Flour Mills of 250,000 tpa and Steel Unit producing MS Ingots and MS Round Bars of 52,800 tpa
PAN No.	AABCG1983C
Banker	HDFC Bank
Bank Account No.	2842320000169

Board of Directors

The present directors of the company are as follows:

Name of Director	**Date of Appointment**
Shri Chandra Prakash Agrawal	03/11/1989
Shri Santosh Kumar Agrawal	01/04/2004
Shri Prem Prakash Agrawal	01/04/2004
Shri Madhu Agrawal	05/02/1993
Shri Ashutosh Agrawal	01/04/2004
Shri Mayank Agrawal	27/05/2003
Shri Shyam Manohar Agrawal	01/04/2004

Financial Highlights

The financial highlights for the last 3 years are given below:

(Rs. In Lacs)

Year Ended March 31	**2003**	**2004**	**2005**
Sales	5,984.20	9,081.60	11,245.77
Profit After Tax (PAT)	108.97	35.62	104.02
Equity Capital	399.35	675.10	675.10
Reserves (excluding revaluation reserves)	1,255.91	2,249.56	2,353.58
Net Worth	1,654.67	2,921.89	3,026.46
Earnings Per Share (EPS) (in Rs.)	2.73	0.53	1.54
Net Asset Value (NAV) per share (in Rs.)	41.43	43.28	44.83

Source: Audited Financial Statements

Notes:

Pursuant to scheme of amalgamation of the erstwhile Govind Udyog Ltd. (GUL), Govind Agro Industries Ltd. (GAIL) and Govind Ispat Ltd. (GIL) with GoML, as approved by the shareholders in the court, convened meeting held on 17th February, 2004 and subsequently sanctioned by the Hon'ble High Court of Kolkata on 29th April, 2004, the assets and liabilities of the erstwhile GUL, GAIL, and GIL were transferred to and vested in the Company with retrospective effect from 1st April, 2003. The scheme has, accordingly, been given effect to in these accounts.

6. **Gallantt Ispat Limited**

Background of the Company

Gallantt Ispat Limited was incorporated in February 2005 with a view to establish a steel unit in Gorakhpur, U.P and has applied for land allotment to Gorakhpur Industrial Development Authority (GIDA).

Date of Incorporation	February 11, 2005
Registration No	21-101650
Registrar of Companies	Nizam Palace, 2nd MSO Bldg, 2nd flr., 234/4, A.J.C. Bose Road, Kolkata – 700 020
Nature of Business	Manufacturers, processors, converters, producers, exporters, traders, dealers, sellers, agents or merchants in all kinds and forms of iron and steel.
PAN No.	AACCG2969B
Banker	HDFC Bank
Bank Account No.	2842320001551

Board of Directors

The present directors of the company are as follows:

Name of Director	**Date of Appointment**
Madhu Agrawal	11-02-2005 (Since Incorporation)
Ashutos Agrawal	11-02-2005 (Since Incorporation)
Prem Prakash Agrawal	11-02-2005 (Since Incorporation)

Financial Highlights

The financial highlights for the last 3 years are given below:

(Rs. In Lacs)

Year Ended March 31	**2005**
Year Ended March 31	2005*
Sales	Nil
Profit After Tax (PAT)	(0.10)
Equity Capital	5.00
Reserves (excluding revaluation reserves)	Nil
Net Worth	1.19
Earnings Per Share (EPS) (in Rs.)	(0.21)
Net Asset Value (NAV) per share (in Rs.)	2.37

Source: Audited Financial Statements

* Since the Company is incorporated only in February 2005 last two years figures are not available.

7. Ganesh Laxmi Processors Private Limited

Background of the Company

Ganesh Laxmi Processors Private Limited (GLPPL) was incorporated in August 1993 by Shri Dinesh R. Agrawal for setting up a dying, printing and processing unit of Art Silk cloth with an installed capacity of 126lacs mtrs p.a. at Kadodara, Ta. Palsana, Dist. Surat, Gujarat. The company is presently managed by Shri Dinesh Kumar Agarwal and Shri Mahesh Kumar Gupta.

Date of Incorporation	August 04, 1993
Registration No	04-019944
Registrar of Companies	ROC Bhavan, Opp.Rupal Park, Naranpura, Ahmedabad - 380013
Nature of Business	Dying, printing and processing of Art Silk cloth with an installed capacity of 126.00 lacs mtrs p.a.
PAN No.	AAACG8817A
Banker	Oriental Bank of Commerce
Bank Account No.	3864

Board of Directors

The present directors of the company are as follows:

Name of Director	Date of Appointment
Shri Dinesh Kumar Agarwal	04/08/0993
Shri Mahesh Kumar Gupta	04/08/0993
Shri Hasmukh G. Chauhan	05/07/2004

Financial Highlights

The financial highlights for the last 3 years are given below:

(Rs. In Lacs)

Year Ended March 31	2003	2004	2005
Sales	1,392.02	1,467.50	1,902.21
Profit After Tax (PAT)	4.96	1.11	10.85
Equity Capital	110.10	110.10	110.10
Reserves (excluding revaluation reserves)	47.58	21.59	32.44
Net Worth	157.68	131.69	142.54
Earnings Per Share (EPS) (in Rs.)	4.50	1.01	9.86
Net Asset Value (NAV) per share (in Rs.)	143.21	119.61	129.47

Source: Audited Financial Statements

8. Ganesh Laxmi Steel Private Limited

Background of the Company

Ganesh Laxmi Steel Private Limited (GLSPL) promoted by Shri Dinesh Kumar Agarwal and Shri Mahesh Kumar Gupta was incorporated in March 2005 for trading of steel. The paid up equity capital as on March 31, 2005 was Rs. 100.30 lacs. No commercial activities have commenced so far.

Date of Incorporation	March 22, 2005
Registration No	04-045748
Registrar of Companies	ROC Bhavan, Opp.Rupal Park, Naranpura, Ahmedabad - 380013
Nature of Business	Trading of Steel
PAN No.	AACCG3338A
Banker	HDFC Bank
Bank Account No.	2512000009026

Board of Directors

The present directors of the company are as follows:

Name of Director	Date of Appointment
Shri Dinesh Kumar Agarwal	Since Incorporation
Shri Mahesh Kumar Gupta	Since Incorporation

Financial Highlights

Since Ganesh Laxmi Steel Private Limited was incorporated on March 22, 2005 and no commercial operations have commenced, the Profit and Loss account for the same has not been prepared.

Notes:

- Face value of each equity share is Rs. 10
- For the calculation of Earnings Per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

The Company confirms that the Permanent Account Numbers, Bank Account Numbers, the company Registration Numbers and the addresses of the Registrar of Companies where the company have been registered, have been submitted to the NSE and BSE at the time of filing of this document with them

None of the above mentioned persons have been restrained from accessing the capital market for any reasons by SEBI or any other authorities.

The promoters, their relatives, the company, its group and associate companies are not detained as wilful defaulters by RBI/ Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

COMPANIES OF THE PROMOTER GROUP/SUBSIDIARIES REFERRED TO BIFR / UNDER WINDING UP / HAVING NEGATIVE NET WORTH

There are no companies of the promoter group, which are either referred to BIFR or under winding up or have negative net worth.

IF THE PROMOTERS HAVE DISASSOCIATED THEMSELVES FROM ANY OF THE COMPANIES/FIRMS DURING THREE PRECEDING THREE YEARS

Shri Nitin Kandoi was director in Govind Steel and Power Ltd. He resigned on 17/02/2005 as he promoted Gallantt Metal Ltd.

COMMON PURSUITS AMONG THE GROUP COMPANIES

Govind Mills Limited. promoted by Shri Chandra Prakash Agarwal, is into the steel industry. It has an induction furnace and rolling mill at Gorakhpur for manufacturing of M.S. Ingot and M.S Round Bar with an installed capacity of 52,800 tpa. This may lead to conflict of interest between group companies and affect the profitability of the Company.

Govind Mills Ltd is based in North India and has its own local market there. However, the Company's plant is in Western region and Company proposes to sell its products mainly in Gujarat, Rajasthan and Maharashtra. Thus, the operations of both the companies would not affect each other's profitability.

Ganesh Laxmi Steel Pvt. Ltd has been established with one of the objects being trading in steel, but no activity has yet taken place.

As already mentioned above, Gallantt Ispat Ltd. another group company is set up to establish a steel unit in Gorakhpur, U.P and has applied for land allotment to Gorakhpur Industrial Development Authority (GIDA). As the

proposed unit is in northen India it will not affect the business of the Company

RELATED BUSINESS TRANSACTIONS

Related Party Transactions as per Audited Accounts for the period ended on 30th September 2005 are given below:

A. List of related parties over which control of the company exists – None

B Name of the related Parties with whom the transactions were carried out with the Company:

Name of The Related Party	Nature of Relationship
Govind Mills Limited	Group Company
Ganesh Laxmi Processors Pvt. Ltd.	Group Company

(Rs. in lacs)

A.	Transactions During the period	As on March 31, 2005	Period Ended 30-09-2005
1.	Purchases of Steel Govind Mills Ltd.	—	518.47
2.	Purchases of one D.G. Set Ganesh Laxmi Processors Pvt. Ltd	—	2.40
3.	Unsecured Loan Govind Mills Ltd.	—	600.00
B	**Closing Balance**		
1.	Unsecured Loan Govind Mills Ltd.	—	600.00

Interest of the Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the company. The Promoters are not interested in any property acquired by GML within two years from the date of the Prospectus. The Promoters are not interested in any loan or advance given by the Company, neither are they beneficiary of any such loans or advances.

The following companies/ firms/ ventures are promoted by the promoters of the issuer Company and the promoters may be deemed to be interested in them:

Name of the Concern	Type of Concern	Interested party
Govind Mills Limited	Company	Shri Chandra Prakash Agarwal
Ganesh Laxmi Processors Pvt. Ltd.	Company	Shri Dinesh R. Agarwal
P.B. Mercantiles Pvt. Ltd.	Company	Shri Nitin Kandoi
Ganesh Laxmi Steel Pvt. Ltd	Company	Shri Dinesh Kumar Agarwal
Gallantt Ispat Ltd.	Company	-

Except as disclosed above and Related party transaction on page no. 83, the Promoters of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits, if any.

Payment or benefit to Promoters of the Company

Apart from the above there have been no payment or benefits to the Promoters of the Company.

CURRENCY OF PRESENTATION

In this Prospectus, all references to “Rupees” and “Rs.” and “Indian Rupees” are to the legal currency of the Republic of India.

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: SUMMARY OF FINANCIAL STATEMENTS AS RESTATED

AUDITORS' REPORT AS REQUIRED BY PART II OF SCHEDULE II TO THE COMPANIES ACT, 1956

To,

The Board of Directors
Gallantt Metal Ltd.
"Centre Point", 21, Hemant Basu Sarani,
3rd Floor, Room No. 306,
Kolkata- 700 001

Reg. Initial Public Offer of Gallantt Metal Limited – Auditors' Report as required by Part II of Schedule II of the Companies Act, 1956

Dear Sirs,

1. We have examined the financial information of Gallantt Metal Ltd. (the Company) annexed to this report which has been prepared in accordance with requirements of:

    a. Clause B of Part II of Schedule II of the Companies Act, 1956

    b. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 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.

2. The issue will be for a fresh issue by the Company of 37,120,000 Equity Shares of Rs.10 each by way of fixed price issue.

    Financial Information as per Audited Financial Statements

3. We have examined the attached restated summary statement of assets and liabilities of the Company as at 31st March 2005 and as at 30th September 2005("summary statements") (see Annexure I) and the Cash Flow statement for each of the period mentioned above (See Annexure II) as prepared by the Company and approved by the Board of Directors. We have also examined and found correct the accounts of the Company for the period from 1st April 2005 to 30th September 2005 prepared and approved by the Board of Directors of the Company. These summary statements have been extracted from the financial statements for the year ended 31st March, 2005 audited by us adopted by the Board of Directors / members and for the period ended 30th September, 2005 audited by us and adopted by the Board of Directors of the Company. We confirm that there are no qualifications in the auditor's reports, which require any adjustments to the summary statements.

4. The Summary of the significant accounting policies adopted by the Company together with the notes pertaining to the audited financial statements for the half-year ended 30th September 2005 is enclosed as Annexure – III.

Other Financial Information

5. We have examined the following other financial information of the Company proposed to be included in the Draft Prospectus/Prospectus as approved by the Board of Directors and annexed to this Report.

    a. Related Party Transactions for the year ended 31st March 2005 and for the period ended 30th September 2005 appearing in Annexure IV.

    b. Accounting ratios based on the restated profits relating to earning per share, net asset value and return on net worth are enclosed in Annexure V;

    c. "Capitalization Statement" as at September 30, 2005 are enclosed in Annexure VI;

    d. Details of Secured and Unsecured loans for the year ended 31st March 2005 and for the period ended 30th September 2005 appearing in Annexure VII.

e. Details of Loans and Advances as at 31st March 2005 and as at 30th September 2005 appearing in Annexure VIII.

f. Details of Cash and Bank balance as at 31st March 2005 and as at 30th September, 2005 appearing in Annexure IX.

6. We further confirm that the Company does not have any subsidiary within the meaning of section 4 of the Companies Act, 1956.

7. This report is intended solely for your information for inclusion in the Draft Prospectus/Prospectus for the proposed Public Issue of Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

For **A.K. MEHARIA & ASSOCIATES**
CHARTERED ACCOUNTANTS

(A.K. Meharia)
PARTNER
M. No. 053918

DATE : The 5th day of December 2005
PLACE : KOLKATA

ANNEXURE-I

STATEMENT OF ASSETS & LIABILITIES AS RESTATED

The assets and liabilities of the company as at the end of the financial year ended on March 31st 2005 and as at September 30th 2005 are as set out below. The assets and liabilities read with significant accounting policies and notes annexed hereto have been arrived at after making such regroupings as are, in our opinion, appropriate.

(Rs. in lacs)

Particulars	**As at**	
	31.03.2005	**30.09.2005**
Fixed Assets:		
Gross Block	218.53	4,319.67
Less: Depreciation	0.10	8.20
Net Block	218.43	4,311.47
Less: Revaluation Reserve	—	—
Net Block after adjustment for Revaluation Reserve	**218.43**	**4,311.47**
Capital work-in progress	253.21	304.26
Pre-operative Expenses (Pending Allocation)	20.71	76.40
Total Fixed Assets (A)	**492.35**	**4,692.13**
Current Assets, loans and Advances:		
Inventories	—	—
Sundry Debtors	—	—
Cash & Bank Balances	576.75	108.92
Loans and Advances	0.40	1,938.29
Total (B)	**577.15**	**2,047.21**
Liabilities and Provisions:		
Secured Loans	—	752.26
Unsecured Loans	—	1,000.00
Current Liabilities and Provisions	3.27	493.35
Deferred Tax Liability	—	—
Total (C)	**3.27**	**2,245.61**
Net worth (A+B-C)	**1,066.23**	**4,493.73**
Represented by		
Share Capital	470.00	3,120.00
Share Application Money	600.00	1,400.00
Equity (E)	1,070.00	4,520.00
Reserves	—	—
Less Revaluation Reserve	—	—
Reserves (Net of Revaluation Reserves) (F)	**—**	**—**
Miscellaneous Expenditure (To the extent not written off (G)	**3.77**	**26.27**
Net Worth (E + F - G)	**1,066.23**	**4,493.73**

Notes: Term loan from banks are secured by way of first charge on the entire Fixed Assets of the company- both present and future on pari passu basis with the bankers of the project. The facility is further personally guaranteed by the Directors of the Company.

Working Capital loans are secured by way of first charge on Book Debts, Stock and other Current Assets of the Company and second charge over the fixed assets both present and future of the Company. The facility is further personally guaranteed by the Directors of the Company.

ANNEXURE-II

CASH FLOW STATEMENT

(Rs. in lacs)

Particulars	As at	
	31.03.2005	30.09.2005
Inflow		
Depreciation	0.10	8.10
Increase In Share Capital	470.00	2,650.00
Increase In Share App. Money	600.00	800.00
Increase In Secured Loan	—	752.26
Increase In Unsecured Loan	—	1,000.00
Increase In Current Liabilities	3.27	490.08
Total	**1,073.37**	**5,700.44**
Outflow		
Increase In Fixed Assets	218.53	4,101.14
Increase In Capital Work-in-progress	253.21	51.05
Increase In Pre- Operative Exp.	20.71	55.69
Increase In Loans & Advances	0.40	1,937.89
Increase In Preliminary Exp.	3.77	22.50
Total	**496.62**	**6,168.27**
Net Cash Flow	**576.75**	**-467.83**
Opening Balance	—	576.75
Addition/ (Deduction) During The Year	576.75	-467.83
Closing Balance	**576.75**	**108.92**

ANNEXURE-III

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. Significant Accounting Policies

a) Accounting System

The Company follows the concept of accrual system in the pre-operation of accounts. Accounting policies not specifically referred to otherwise are in consonance with generally accepted accounting principles.

b) Fixed Assets

All Fixed Assets are carried at cost.

c) Depreciation has been calculated on fixed assets, which have already been put into use and no depreciation has been calculated on those fixed assets, which, have not been put into use.

d) Preoperative expenses during construction period

Preoperative expenses incurred during implementation shall be capitalized and apportioned to various assets on commissioning of the project.

e) Preliminary Expenses

Preliminary expenses shall be written off over a period of ten years starting from the year of commencement of commercial operations.

B. Notes to Accounts

a) No Profit and Loss account has been prepared as the Plant being set up by the Company is in implementation stage.

b) There are no expenditure in Foreign Currency for project

c) There is nil amount due for more than 30 days to Small Scale Industrial unit.

d) Company does not have any contingent liabilities.

e) Unsecured loans & Sundry creditors are subject to confirmation

f) In the opinion of the Board of Directors, the Current Assets and Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the accounts.

g) Additional information pursuant to the provisions of paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956. are not applicable during the period under review.

h) Figures for the period ended 30th September 2005 being for six months are not comparable.

ANNEXURE - IV

INFORMATION ON RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD 18 (AS-18):

A. List of related parties over which control of the company exists – None

B. Name of the related Parties with whom the transactions were carried out with the Company:

Name of The Related Party	Nature of Relationship
Govind Mills Limited	Group Company
Ganesh Laxmi Processors Pvt. Ltd.	Group Company

(Rs. in lacs)

A	Transactions During the period	As on March 31, 2005	Period Ended 30-09-2005
1	Purchases of Steel Govind Mills Ltd.	—	518.47
2	Purchases of one D.G. Set Ganesh Laxmi Processors Pvt. Ltd	—	2.40
3	Unsecured Loan Govind Mills Ltd.	—	600.00
B	**Closing Balance**		
1.	Unsecured Loan Govind Mills Ltd.	—	600.00

ANNEXURE-V

SUMMARY OF ACCOUNTING RATIOS

Accounting Ratios	31.03.05	30.09.05
Earnings per share (Rs)	N.A.	N.A.
Return on net worth %	N.A.	N.A.
Net asset value per share (Rs)	9.92	9.92
No. of equity shares of Rs. 10 each	4,700,000	31,200,000

ANNEXURE-VI

CAPITALISATION STATEMENT

(Rs. In lacs)

Particulars	Pre Issue as at 30.09.2005	Post Issue (at an offer Price of Rs.10)
Short Term Debt	1,752.26	1,752.26
Long Term Debt	—	—
Total Debt	**1,752.26**	**1,752.26**
Shareholders' Fund		
Share Capital	3,120.00	7,632.00
Share Application Money	1400.00	
Reserves & Surplus	—	—
Sub-Total	4,520.00	7,632.00
Less: Preliminary Expenses not written off	26.27	26.27
Total Shareholders Fund	**4,493.73**	**7,605.73**
Long Term Debt/Equity	**—**	**—**

ANNEXURE-VII

STATEMENT OF SECURED AND UNSECURED LOANS

I. Details of Secured Loans

(Rs. in lacs)

Particulars	As at	
	31.03.2005	30.09.2005
Secured Loans		
Bridge Loan from State Bank of India	—	752.26

II. Details of Unsecured Loans

(Rs. in lacs)

Particulars	As at	
	31.03.2005	30.09.2005
Un-Secured Loans		
Govind Mills Ltd.	—	600.00
Utsav Merchants Pvt. Ltd.	—	400.00
Total	**—**	**1,000.00**

Terms and Conditions of the unsecured loans

Govind Mills Ltd

Interest is payable at 6% per annum at the end of financial year

Loan is repayable on demand with a prior notice of one months time

Utsav Merchants Pvt. Ltd

The usecured loan taken from Utsav Merchants Pvt. Ltd has been repaid

ANNEXURE-VIII

STATEMENT OF LOANS & ADVANCES

(Rs. in lacs)

Particulars	As at	
	31.03.2005	30.09.2005
(Unsecured Considered good Except otherwise stated)		
Advance to Suppliers of Capital Goods	—	1,760.39
Deposit with various Government Agencies	0.40	177.90
Total	**0.40**	**1,938.29**

ANNEXURE-IX

STATEMENT OF CASH & BANK BALANCES

(Rs. in lacs)

Particulars	As at	
	31.03.2005	30.09.2005
Cash in hand	147.99	6.00
Balance with Scheduled Banks		
- In Current Account	328.74	0.11
- In Fixed Deposit Account	100.01	102.82
Total	**576.74**	**108.93**

PRINCIPAL TERMS OF LOAN AND ASSETS CHARGED AS SECURITY

The company has been sanctioned long-term financial assistance from State Bank of India, Bank of Baroda, State Bank of Patiala, State Bank of Travancore, State Bank of Mysore, State Bank of Hyderabad, State Bank of Indore and UCO Bank.

TERM LOAN

Details of final sanctions by participating banks as decided by the consortium of Banks on 19/10/2005.

Sr. No.	Name of Bank	Amount Sanctioned (Rs. In Lacs)	% of Total Project Cost
1.	State Bank of India (Appraiser)	5,000	26.20
2	Bank of Baroda	1,750	9.17
3	State Bank of Patiala	1,100	5.76
4	State Bank of Travancore	750	3.93
5	State Bank of Mysore	750	3.93
6	State Bank of Hyderabad	750	3.93
7	State Bank of Indore	750	3.93
8	UCO Bank	600	3.14
	Total	**11,450**	**60.00**

However, the amount sanctioned by participating banks was higher than the actual requirement.

The terms and conditions as agreed upon by the consortium of banks is as follows:

Particulars	Description
Nature of Facility	Term loan of Rs.11,450 lacs would be disbursed as follows: ● Phase – I Rs.6,781 Lacs ● Phase – II Rs.4,669 lacs
Date of Sanction	19-10-2005
Rate of Interest	Interest shall be calculated on monthly rests on the outstanding principal amount of the Rupee Loans at the rate equal to State Bank Advance rate (SBAR) prevailing at the relevant time subject to a minimum of 10.25% of Construction Period (i.e. upto the Commercial Operation Date) and from Commercial Operation Date at 1.25% below SBAR under a minimum of 9%.
Repayment	Term loan will be repayable in 20 equal quarterly installments of Rs.572.50 lacs each beginning 31-12-2006
Margin	● Overall Project Debt-Equity Ratio shall not exceed 1.50:1.
	● During the Currency of the Agreement, after the Commercial Operations Date, the financial status of the Company as evidenced by the audited annual accounts or unaudited accounts, if audited annual accounts are not finalized within six (6) months from end of such Financial Year, for the immediately preceding Financial Year shall be such that the: ● Ratio of Current Assets to Current Liability of the Borrower shall not fall below 1.25:1 on the basis of such annual accounts. ● Ratio of Total Outside Liability to Tangible Net Worth of the Borrower shall not exceed 2.50:1 on the basis of such annual accounts ● The interest coverage ratio (i.e. the ratio of earning before interest, depreciation and taxes to interest) of the Borrower shall not fall below 2.50:1 for the immediately preceding Financial Year.

	The Rupee Loans together with all interest (including Interest), Additional Interest, Prepayment Premium, Upfront Fees, costs, charges, expenses and all other monies whatsoever stipulated and due to the Lenders in accordance with this agreement shall be secured by:	
Security	Primary	• First priority mortgage and charge over all the Borrowers' fixed assets (including land) both present and future; • A first priority charge over/assignment of all the Borrower's right, title, interest, benefit and claim of the Borrower in, to or under the Insurance Contracts, Insurance Policies and the Insurance Proceeds
	Collateral	• Pledge of promoters Equity shares; • Second paripassu charge on all the Borrower's Current assets; • Equitable Mortgage of the immovable property of its Promoter, Mr. S.K. Agarwal S/o of late Govind Prasad Agarwal situated at Moh jn Nakha No 2, Bhagwanpur, Tappa-Kasba, Par. Haveli, Tehsil-Sadar, Gorkhpur (U.P.)
	Guarantee	Irrevocable and Unconditional Personal Guarantee of the promoters guaranteeing the repayment of the Facility and payment of interest, costs, charges, expenses and all other amount payable by the Borrower to the Lenders under the Agreement.
	Corporate Guarantee	Irrevocable and Unconditional Guarantee of P.B. Mercantiles (P). Ltd and Ganesh Lakshmi Steel (P) Ltd.
	Additional Corporate Guarantee	Irrevocable and Unconditional Guarantee of Govind Steel and Power Ltd.

WORKING CAPITAL

I. State Bank of India

Particulars	Description		
		Facility	**Amount in Rs. Lacs**
Nature of Facility	A.	**Fund Based**	
		b) CC/WCDL	4118
		Total	**4118**
	B.	**Non-Fund Based**	
		a) Letters of Credit	1700
		b) Bank Guarantees	800
		Total	**2500**
Date of Sanction	19-10-2005		
Rate of Interest	1.25% below State Bank Advance Rate, minimum 9%.		
Margin		**Cash Credit**	**Proposed Margin**
		Raw Material: Domestic/Imported	25%
		Stock-in-Progress	25%
		Finished Goods	25%
		Receivables (Cover 90 days)	35%
		Letter of Credit	15%
		Bank Guarantee	15%
Security	Hypothecation of all present and future goods, book-debts and all other movable assets of the Company.		

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

OVERVIEW OF THE BUSINESS OF THE COMPANY

Gallantt Metal Limited (GML), a closely held public limited company, was incorporated in February 2005 at Kolkatta. GML has been promoted by Shri Chandra Prakash Agarwal, Shri Dinesh R. Agarwal and Shri Nitin Kandoi and P.B. Mercantiles Pvt. Ltd.

GML has been incorporated with a view to set up a plant at Kutch, Gujarat, to manufacture Sponge Iron, M.S. Billets, Re-Rolled products (TMT bars) with a captive power plant.

The process route selected for manufacture of steel is

Sponge Iron Plant ➔ Induction Furnace ➔ Continuous Caster ➔ Re-Rolled products

The project is proposed to be implemented in two phases as under:

Phase	Details	Actual/Expected Commercial Operation Date
I	• Sponge Iron Plant consisting of (3 Kilns of 100 TPD) • Steel Melt Shop: M.S. Billets (3- Induction Furnace each with 15 MT continuous caster) • Re-Rolled Products	December 29, 2005
II	• 18 MW Captive Power Plant	October 2006

The project is proposed to be implemented in two phases and the entire project would be fully completed by October 2006. GML has appointed M/s industrial Technical Consultant, Raipur (ITCR) as its technical consultant for the proposed sponge iron plant, Roll Mill Industries Limited for the Rolling Mill Division and Avant Garde Engineers and Consultants Pvt. Ltd., Chennai (AGECPL) for the captive power plant. No technical consultant has been appointed for the steel melt shop as the company proposes to use the conventional manufacturing process, which does not require specific technical know-how.

The in-house consumption of entire Sponge Iron for manufacturing of billets, which would further be rolled into TMT bars along with installation of captive power plant utilizing the waste heat from the sponge iron plant would improve the overall profitability of the project making it financially more viable.

PROPOSED INSTALLED CAPACITIES

The proposed project is envisaged to have the following manufacturing facilities.

Sr. no.	Details	Capacity
I.	Sponge Iron	99,000 MT per annum (3 kilns of 100 TPD each)
II.	Steel Melt Shop	M.S. Billet 1,76,420 MT per annum (15 MT * 3 – Induction Furnace each with 15 MT continuous caster)
III.	Rolling Mill	TMT Bars 1,68,300 MT per annum
IV.	Captive Power Plant	18 MW

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE PERIOD ENDED ON SEPTEMBER 30, 2005

- The Consortium of Banks decided the allocation of the loans among the participating banks on 19/10/2005 as follows:

Sr. No.	Name of Bank	Amount Sanctioned (Rs. In lacs)
1	State Bank of India (Appraiser)	5,000
2	Bank of Baroda	1,750
3	State Bank of Patiala	1,100
4	State Bank of Travancore	750
5	State Bank of Mysore	750
6	State Bank of Hyderabad	750
7	State Bank of Indore	750
8	UCO Bank	600
	Total	**11,450**

- The Company received disbursement of Rs. 3,100 lacs till November 21, 2005 from the loans sanctioned by the Consortium of banks.
- The Company received Rs.2.5 crores as bridge loan on 10/10/2005 in addition to the existing bridge loan of Rs.7.5 crores from SBI, against the sanctioned term loans.
- The Company repaid the bridge loan of Rs.6 crores on 24/10/2005, Rs. 3.93 crores on 10/11/2005 and the remaining Rs.0.07 crores on 14/11/2005, which was availed from SBI.
- The project has been appraised by State Bank of India, where the Project comprised the setting up of 18 MW Captive Power Plant using lignite. However subsequent to the submission of its Appraisal report and sanction of Term Loan, the Company was approached by Hira Ferro Alloys Limited, Raipur (HFAL) who offered the transfer of the equipments already ordered by its group company, Sagar Energy & Steels Ltd. (SESL), for setting up of 25 MW Power Generation Plant using Coal, to the Company. However, if the same is operated using lignite it will generate 18 MW of power only and the Company proposes to operate it using lignite only.

  This 25 MW Turbine designed for Coal-based Power Plant was found technically and economically fit by the Company to generate 18 MW power if lignite is used as fuel. Additionally, such arrangement was also within the estimated costs of the CPP stated in the report.

  Thus, they entered in to the tripartite agreement with SESL and HFAL to get the transfer of all the items/equipments ordered and for which advances had been paid by SESL to the Suppliers, directly to the Company at the same price. HFAL is acting only as an intermediate for the said transaction and as a technical advisor for setting of the same. The Company has agreed to pay Rs.2 crores to Hira Ferro Alloys Ltd. for these services.

  Subsequently, the Company has got all the orders and advances transferred in its name from all the Suppliers and have reimbursed these amounts to SESL as per terms of the above agreement. The Company has also paid a sum of Rs.1 crore as part payment of the above arrangement.
- The Phase-I commercial operations have started from December 29, 2005

FACTORS THAT MAY AFFECT RESULTS OF THE OPERATIONS

- Fluctuation and increase in raw material prices
- New Competitive businesses
- Government rules and regulation relating to Steel Industry
- Any slowdown in the economic growth in general and infrastructural growth in particular

DISCUSSION ON RESULTS OF OPERATIONS AND ITS COMPARISON WITH THE PREVIOUS FINANCIAL YEARS (Last three years)

The company was incorporated on 7th February 2005 and no commercial production has started till the last balance sheet date i.e.30th September 2005. Thus there are no operations undertaken by the company.

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 OF SEBI DIP GUIDELINES

1. Unusual or infrequent events or transactions

There have been no events, which may be called "unusual" or "infrequent".

2. Significant economic changes that materially affected or are likely to affect income from continuing operation

With an overall upsurge in the Indian economy, the demand of iron and steel is at an all time high. 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.

3. Known trends or Uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

The company was incorporated on 7th February 2005 and no commercial production has been started till the last balance sheet date i.e.30th September 2005. However, the Company has started Phase-I commercial operations from December 29, 2005.

Uncertainty exists over the availability and price of the raw materials namely Iron Ore, Coal etc, and finished product viz. Sponge Iron, Steel Billets and TMT bars etc. The risk on account of the above price fluctuation is reduced to a significant extent considering the fact that a rise in the price of basic raw material will be passed on in the form of increased price of the finished product. Thus to Company's knowledge there are no known trends and uncertainties that are expected to have a material adverse impact on revenue or income of the company from future operations.

4. Future relationship between costs and income

To our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

5. Total turnover of each major industry segment in which the Company operates

The company was incorporated on 7th February, 2005 and no commercial production has started till the last balance sheet date i.e.30th September, 2005. Thus there are no operations undertaken by the company.

6. New Products or business segments

The Company shall operate in the following business segments – Sponge Iron, M.S. Billet, TMT Bars. The Company is also in the process of setting up a 18 MW captive power plant at the site for captive consumption.

7. Seasonality of business

The business of the company is not seasonal.

8. Dependence on single or few suppliers/customers

Currently there are many suppliers of iron ore and coal in India and dependence on few suppliers is not likely to occur.

The company is planning to sell its product mainly to various dealers in western and northern India and dependence on single or few customers is not likely to occur.

9. *Competitive Conditions*

The company is suitably placed to have a competitive edge over its competitors due to the following reasons:

- Integrated Steel Plant with captive power generation (from Waste heat and lignite) to generate power.
- Substantial in-house Capacity for sponge iron production
- Captive power generation for its plant.
- State of Art rolling mill facilities
- Market reputation of the promoters
- The fragmented structure of the sector possesses a good opportunity for a medium/large industry house to distinguish itself from the lot and create a position of strength by having a diversified product mix and a varied product penetration along with the necessary infrastructure for quality production.

10. *Details of any encumbrances over the property of the Company and guarantees given by the Company to any other party*

Gallantt Metal Limited has been sanctioned Term Loan by State Bank of India, Bank of Baroda, State Bank of Patiala, State Bank of Travancore, State Bank of Mysore, State Bank of Hyderabad, State Bank of Indore and UCO Bank. The Term Loans have been secured by mortgage of the immovable properties. State Bank of India has sanctioned the Working Capital loan and the same has been secured by hypothecation of the current assets of the Company. The Company has not extended any guarantees to any other party.

11. *Details of Material Developments after the date of last Balance Sheet*

The Directors confirm that there have been no events or circumstances except as mentioned in this Draft Prospectus/ Prospectus since the date of the last financial statements, which materially and adversely affect or are likely to affect the trading or profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

LITIGATIONS AGAINST THE COMPANY

There are no litigations against the Company

LITIGATIONS AGAINST THE PROMOTERS AND GROUP COMPANIES

There was an IT search held at the Group Company's premises (Govind Mills Limited) as well as at the residence of Shri C.P. Agrawal and Shri Nitin Kandoi on 29th and 30th September 2003. The Promoters and the Company have filed the case with Settlement Commission, Income Tax, New Delhi admitting additional income tax liability of Rs. 56,75,667. Out of this additional liability an amount of Rs.56,03,358 is already available with the department in the form of TDS/Tax Deposited for A.Y. 2003-04 (Rs.12,04,421) and A.Y. 2004-05 (Rs.20,32,840), refunds due for A.Y. 1998-99 (Rs.7,63,997) and cash seized from the office during search (Rs.29,47,100), after adjusting for the regular tax for A.Y. 2003-04 (Rs.11,35,000) and A.Y. 2004-05 (Rs.2,10,000), which is sufficient to meet the above liability. However, the case is pending before the settlement commission.

Govind Mills Limited

Railway Protection Force (RPF) has made an inspection in the premises of the Company in December 2004 and lodged a FIR bearing case no:04/04 and ceased 80 tons of Cast Iron. District Judge has passed an order to release the goods and the Company has lodged counter complaint to the appropriate authority to withdraw the case framed by RPF. The matter is still pending.

Ganesh Laxmi Processors Pvt. Ltd.

As per Labour Department, Company has not complied with the Apprentice Act. The Case is still pending. The fine of Rs.250.00 is expected to be levied.

As per Labour Department, Company has defaulted under Minimum Wages Act. The Case is still pending. However, the Company has complied with the objections raised by the Department.

As per Department some provisions of Factory Act have not been complied with. The Case is still pending. However, the Company has complied with the objections raised by the Department

Directors of Ganesh Laxmi Processors Pvt. Ltd.

As per Labour Department, Company has not complied with the Apprentice Act. The Case is still pending. The fine of Rs.250.00 is expected to be levied.

As per Labour Department, Company has defaulted under Minimum Wages Act. The Case is still pending. However, the Company has complied with the objections raised by the Department.

As per Department some provisions of Factory Act have not been complied with. The Case is still pending. However, the Company has complied with the objections raised by the Department

MATERIAL DEVELOPMENTS (since the last balance sheet)

- The project has been appraised by State Bank of India, where the Project comprised the setting up of 18 MW Captive Power Plant using lignite. However subsequent to the submission of its Appraisal report and sanction of Term Loan, the Company was approached by Hira Ferro Alloys Limited, Raipur (HFAL) who offered the transfer of the equipments already ordered by its group company, Sagar Energy & Steels Ltd. (SESL), for setting up of 25 MW Power Generation Plant using Coal, to the Company. However, if the same is operated using lignite it will generate 18 MW of power only and the Company proposes to operate it using lignite only.

  This 25 MW Turbine designed for Coal-based Power Plant was found technically and economically fit by the Company to generate 18 MW power if lignite is used as fuel. Additionally, such arrangement was also within the estimated costs of the CPP stated in the report.

Thus, they entered in to the tripartite agreement with SESL and HFAL to get the transfer of all the items/equipments ordered and for which advances had been paid by SESL to the Suppliers, directly to the Company at the same price. HFAL is acting only as an intermediate for the said transaction and as a technical advisor for setting of the same. The Company has agreed to pay Rs.2 crores to Hira Ferro Alloys Ltd. for these services.

Subsequently, the Company has got all the orders and advances transferred in its name from all the Suppliers and have reimbursed these amounts to SESL as per terms of the above agreement. The Company has also paid a sum of Rs.1 crore as part payment of the above arrangement.

The Directors confirm that there have been no events or circumstances except as mentioned in this Prospectus since the date of the last financial statements, which materially and adversely affect or are likely to affect the trading or profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS

As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

The Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by the company, except those approvals that may be required to be taken from any government or any other authority in the normal course of business from time to time to continue the activities, and those mentioned under the heading Risks Envisaged.

It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the company can undertake this Issue and its current and proposed business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals obtained by the Company for carrying out its business:

Sr. No	Issuing Authority	Registration/License No.	Nature of Registration/License	Validity
1.	Registrar of Companies West Bengal at Kolkata	U27109 WB2005PLC101553	Certificate of Incorporation	Currently Valid
2.	Income Tax PAN Services Unit	AACCG2934J	Permanent Account Number (PAN)	Currently Valid
3	Ministry of Commerce & Industry	971/SIA/IMO/2005	SIA Acknowledgment No. for power	Currently Valid
		967/SIA/IMO/2005	SIA Acknowledgment No. for Sponge Iron, Billets/ Ingots, Runner & Riser, M S Bar, Miss Rolled Bar.	
4	Ministry of Commerce & Industry	A/P/WC/GJ/15/3181 (P160349)	Explosive Approval	Currently Valid
5	Central Sales Tax	GUJ99987398	Central Sales Tax Registration	Currently Valid
6	Gujarat Sales Tax	0103003291	Gujarat Sales Tax	Currently Valid

Sr. No	Issuing Authority	Registration/License No.	Nature of Registration/License	Validity
7	Office Of the Superintendent of Central Excise AR- Kharirohar (Kutch)		Approval for starting of construction work at site of proposed unit	Currently Valid
8	National Securities Depository Limited	RKTG00912C	Tax Deduction Account Number (TAN)	Currently Valid
9	Ministry of Commerce	0205004733	Certificate of Importer-Exporter Code (IEC)	Currently Valid
10	Government of Gujarat	22/2005	Registration under Labour Law	Valid upto 31-03-2006
11	Gujarat Pollution Control Board	FT-204/17333	No Objection Certificate	Valid upto 26-06-2010
12	Office Of the Superintendent of Central Excise	AACCG2934JXM001	Central Excise Registration Certificate	Currently Valid
13	The Kolkata Muncipal Corporation		Trade License	Currently Valid
14	Gujarat Water Supply and Sewerage Board	AB/GALLANTT METAL/1263 dtd. 10/06/2005	Water Connection	Currently Valid
15	Power sanction from GEB	Connection Received on 20th December 2005		

SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, present issue of Equity Shares has been authorized vide the resolution passed by the Board of Directors at their meeting held on October 1, 2005 and resolution passed at the Extra Ordinary General Meeting of the Company held on 25th October, 2005.

PROHIBITION BY SEBI

The Company, its Directors/Promoters and the persons in control, its subsidiaries, its associates, its directors, its promoters, other companies/entities promoted by the promoters of Gallantt Metal Limited, and companies/entities with which the Company's Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying/selling/dealing in securities under any order or direction passed by SEBI. The listing of any securities of the Company has never been refused at anytime by any of the stock exchange(s) in India. The Company, its Promoters, their relatives, group companies and associate companies have not been detained as willful defaulters by RBI/government authorities and there are no violations of securities laws committed by them in the past or pending against them.

ELIGIBILITY FOR THE ISSUE

Since Gallantt Metal limited does not meet the track record criteria as specified in Clause 2.2.1 of the SEBI Guidelines, hence the company is coming out with an issue under Clause 2.2.2, which is stated as hereunder:

1. The project has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded.

   a. The entire project will have 60.00% participation by Banks and Financial Institutions.

(Rs. In Lacs)

Sr. No.	Name of Bank	Amount Sanctioned	% of Total Project Cost
1	State Bank of India (Appraiser)	5,000	26.20
2	Bank of Baroda	1,750	9.17
3	State Bank of Patiala	1,100	5.76
4	State Bank of Travancore	750	3.93
5	State Bank of Mysore	750	3.93
6	State Bank of Hyderabad	750	3.93
7	State Bank of Indore	750	3.93
8	UCO Bank	600	3.14
	Total	**11,450**	**60.00**

Note: The total requirement of debt for the project is Rs.11,450.00 lacs whereas the banks have sanctioned a higher amount. The company will however avail only the debt as mentioned in the table above.

   b. The company has reserved minimum Rs.295.64 lacs being 10% of net offer to public of Rs.2,956.40 lacs for equity participation from QIBs.

2. The minimum post issue face value capital of the company shall be Rs. 1000 lacs. The post issue capital of the company will be Rs.7632.00 lacs.

   Pursuant to Clause 2.2.2A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 "The company shall not make an allotment pursuant to a public issue or offer for sale of equity shares or any security convertible into equity shares unless in addition to satisfying the conditions mentioned in Clause 2.2.1 or 2.2.2 as the case may be, the prospective allottees are not less than one thousand (1000) in number."

Pursuant to Clause 2.8 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 the Company has made firm arrangements for the stated Means of Finance as follows:

(Rs. In lacs)

Particulars		Phase – I	Phase – II	Total
A.	Total Means of Finance Required	11,301	7,781.00	19,082.00
B.	Amount to be raised through public issue	—	3,112.00	3,112.00
C.	Amount Excluding the public Issue (A-B)	11,301	4,669.00	15,970.00
	Total @ 75% of (C)	**8,475.75**	**3,501.75**	**11,977.50**

Particulars		Phase – I	Phase – II	Total
A.	Loans sanctioned from State Bank of India, Bank of Baroda, State Bank of Patiala, State Bank of Travancore, State Bank of Mysore, State Bank of Hyderabad, State Bank of Indore and UCO Bank	6781	4669	11450
B.	Already brought in by the Promoter Group	4520	—	4520
C.	Finance arranged through verifiable means	11301	4669	15970

As per clause 2.2.2B of SEBI (DIP) Regulations:

(ii) "Project" means the object for which the monies proposed to be raised to cover the objects of the issue.

(v) As per Section 2.2.2B(v) of SEBI (Disclosure and Investors' Protection) Guidelines, inserted vide SEBI/CFD/DIL/DIP/Circular No. 11 dated August 14, 2003, 'Qualified Institutional Buyer' shall mean:

a. Public financial institution as defined in section 4A of the Companies Act, 1956;

b. Scheduled Commercial banks;

c. Mutual funds;

d. Foreign Institutional Investor registered with SEBI;

e. Multilateral and Bilateral development financial institutions;

f. Venture Capital funds registered with SEBI;

g. Foreign Venture Capital investors registered with SEBI;

h. State Industrial Development Corporations;

i. Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA);

j. Provident Funds with minimum corpus of Rs. 25 crores;

k. Pension Funds with minimum corpus of Rs. 25 crores;

Based on the above data the Lead Manager has certified vide its certificate dated 10th December 2005 that the Company is fulfilling the criteria of eligibility norms for public issue by unlisted company as specified in the Guideline 2.2.2 of SEBI (DIP) Guidelines, 2000.

DISCLAIMERS

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS PROSPECTUS WOULD BE SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME AS 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 THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE LEAD MANAGER - ANAND RATHI SECURITIES HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES 2000, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE 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 SECURITIES HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 23rd DECEMBER 2005 IN ACCORDANCE WITH 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 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 PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER 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 PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**

   d) **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT SUCH REGISTRATIONS ARE VALID TILL DATE**

   e) **WE HAVE SATISFIED OURSELF ABOUT THE NET WORTH OF THE UNDERWRITER TO FULFILL ITS UNDERWRITING COMMITMENTS.**

THE FILING OF PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR 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 (S) ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.”

DISCLAIMER STATEMENT FROM THE ISSUER AND THE LEAD MANAGER

The company and the Lead Manager accepts no responsibility for statements made otherwise than in the Prospectus or in the advertisement or any other material issued by or at the instance of the company and that anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager and Gallantt Metal Ltd.

All information shall be made available by Gallantt Metal Ltd., the Lead Manager 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, at collection centers or elsewhere.

The Issuer and Lead Manager are obliged to update the Prospectus and keep the public informed of any material changes till the listing and trading commencement.

JURISDICTION

This offer is made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with the SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), trusts (registered under Societies Registration Act, 1860, or any other trust law and are authorised under their constriction to hold and invest in shares) and to NRI's and FIIs as defined under the Indian laws. This Prospectus does not, however, constitute and offer to sell or an invitation to subscribe to 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 this Prospectus comes is required to inform himself about and to observe any such restrictions. Any disputes arising out of such issue will be subject to the jurisdiction of courts in Kolkata, West Bengal only.

No action has been or will be taken to permit a public Issue in any jurisdiction where action would be required for that purpose, except that the Prospectus has been filed with SEBI for observations and the SEBI has given its observations and the Prospectus has been filed with RoC as per the provisions of the Companies Act. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER STATEMENT

DISCLAIMER CLAUSE OF BSE - THE DESIGNATED STOCK EXCHANGE

As required, a copy of this Prospectus has been submitted to Bombay Stock Exchange Limited (BSE). "The Bombay Stock Exchange Limited ("BSE") has given, vide its letter no. List/Smg/sm/2006 dated February 7, 2006, 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 continue to be listed on the Stock Exchange, or

iii. Take any responsibility for the financial or other soundness of this Company, it's promoters, it's management or any Scheme or Project of this Company.

And it should not, for any reason be deemed or construed 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 THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

As required, a copy of this Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/20294-H dated February 10, 2006, permission to the company to use the Exchange's name in this Prospectus as one of the stock exchanges on which the company's securities are proposed to be listed subject to the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than Rs.10 crores and market capitalization shall not be less than Rs.25 crores at the time of listing). The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Prospectus 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 Prospectus; nor does it warrant that the company's securities will be listed or continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the company, its promoter, its management or any scheme or project of the company.

Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent enquiry, 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 any other reason whatsoever.

FILING

A copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration to ROC. A copy of the Prospectus would be filed with SEBI, at Ground Floor, Mittal Court, Nariman Point, Mumbai – 400 021. A copy of the documents referred to on page no. 130 of this Prospectus has been kept open for public inspection at the Registered Office of the Company.

LISTING

Initial listing applications have been made by the Company to BSE and NSE for permission to list the equity shares and for an official quotation of the equity shares of the Company. BSE will be the Designated Stock Exchange.

In case the permission to deal in and for official quotation of the equity shares is not granted by above-mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 days after the Company becomes liable to repay it, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act, 1956.

The company with the assistance of the Lead Manager 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 working days of finalisation of the basis of allotment for the Issue.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, 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 Managers to the Issue
6. Registrar to the Issue
7. Company Secretary and Compliance Officer
8. Bankers to the Issue
9. Underwriters to the Issue

The said consents would be filed along with a copy of Prospectus with the RoC: West Bengal Nizam Palace, 2nd MSO Building, 2nd floor 234/4, A. J. C. Bose Road Kolkata-700020, India as required under Sections 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the Registrar of Companies: West Bengal Nizam Palace, 2nd MSO Building, 2nd floor 234/4, A. J. C. Bose Road Kolkata-700020, India.

A.K. Meharia & Associates, 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 Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

A.K. Meharia & Associates, 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 Prospectus and has not withdrawn such consent up to the time of delivery of this Prospectus for registration with the RoC.

EXPERT OPINION

The Company has not obtained any expert opinions.

ISSUE EXPENSES

The expenses of the Issue payable by Gallantt Metal Limited inclusive of brokerage, fees payable to the Lead Manager to the Issue, Underwriter 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. no.	Particulars	Fees (in Rs. Lacs)	As a % of Total Issue Expenses	% of total issue size (excluding promoters contribution)
1.	Lead Managers Fees	31.12	18.05%	1.00%
2.	Registrars fees	6.00	3.48%	0.19%
3.	Underwriters fees	38.90	22.57%	1.25%
4.	Legal Advisors fees	0.25	0.15%	0.01%
5.	Advertising & Marketing expenses	30.00	17.40%	0.96%
6.	Brokerage & Selling expenses	31.12	18.05%	1.00%
7.	Printing & Despatch Expenses	25.00	14.50%	0.80%
8.	Other Miscellaneous expenses	10.00	5.80%	0.32%
	Total	**172.39**	**100.00%**	**5.54%**

FEES PAYABLE TO THE LEAD MANAGER

The total fees payable to the Lead Manager will be as per the terms of appointment letter issued by the company. A copy of the terms of appointment letter and the Memorandum of Understanding signed amongst the Company and the Lead Manager is available for inspection at the Company's Registered Office.

FEES PAYABLE TO THE LEGAL ADVISOR TO THE ISSUE

The total fees payable to Legal Advisor to the Issue, will be as per the mandate letter signed with the Company, a copy of which is available for inspection at the Company's Registered Office.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at the Company's Registered Office.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allocation advice by registered post/ Speed Post. Refund Orders up to Rs. 1500/- would be sent under certificate of posting.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

An underwriting commission 1.25% of the total amount underwritten is payable to the underwriters on the offer price of the Equity Shares offered through this Prospectus to the public for subscription and underwritten in the manner mentioned in this Prospectus.

The brokerage and selling commission for the Issue will be as set out in the agreement amongst the Company and the lead Manager.

PREVIOUS PUBLIC OR RIGHTS ISSUES IN THE LAST FIVE YEARS

This being the first public issue of shares of the Company, the Company has not made any public issue or right issue of Equity Shares/Debentures since incorporation.

ISSUE OF SHARES OTHERWISE THAN FOR CASH

The 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 – LAST 3 ISSUES

The 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 the issuer company outstanding as on the date of Prospectus and terms of issue.

STOCK MARKET DATA

The Equity Shares of the Company are currently not listed/quoted on any Stock Exchanges.

INVESTORS GRIEVANCES 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 the Company. The Company would also be coordinating with the Registrar to the issue in attending to the grievances of the investors. The 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. No.	Nature Of The Complaint	Time Taken
1.	Non-receipt of the refund warrants or 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 information
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

The Company has appointed Mr. Rajesh Upadhyaya 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 the company and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue, (name), 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

The company estimate 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, the company or the Registrars will seek to redress these complaints as expeditiously as possible.

The company has appointed, Mr. Rajesh Upadhyaya, Company Secretary, Gallantt Metal Limited 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:

GALLANTT METAL LIMITED
Mr. Rajesh Upadhaya
"Centre Point", 21, Hemant Basu Sarani,
Room No. 306, 3rd Floor,
Kolkata – 700 001
Tel: +91 33 30288500-506
Fax: +91 33 30288499
E-mail: gml@ricmail.com

CHANGES IN AUDITORS DURING THE LAST THREE YEARS AND REASONS THEREOF

The company was incorporated in February 2005 and there has been no change in the auditors till the date of filing of Prospectus.

CAPITALISATION OF RESERVES OR PROFITS DURING LAST FIVE YEARS

The company was incorporated in February 2005 and there has not been any capitalization of reserves or profits till the date of filing of Prospectus.

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 Prospectus.

SECTION VIII: OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Prospectus, Application Form, the Revision Form, and other terms and conditions as may be incorporated in the Allotment Advice, 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, Government of India, Reserve Bank of India, Stock Exchanges, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

RANKING OF EQUITY SHARES

The Equity Shares to be issued shall be subject to the Memorandum and Articles of the Company and shall rank pari-passu with the existing Equity Shares of the Company in all respects except the lock-in provisions applicable as per SEBI Guidelines in respect of existing Equity Shares as mentioned in the "Notes to Capital structure". The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by the Company after the date of Allotment.

MODE OF PAYMENT OF DIVIDEND

The Company shall pay dividend to its shareholders as per the provisions of the Companies Act.

FACE VALUE AND ISSUE PRICE PER SHARE

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Prospectus at a price of Rs.10/- per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of the 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 and the Memorandum and Articles of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to "Main Provisions of Articles of Association of the Company" on page no. 123 of this Prospectus.

MARKET LOT

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors, where the market lot is one (1) equity share.

Allocation and allotment of Equity Shares through this offer will be done only in electronic form subject to a minimum allotment of 500 Equity Shares to the successful applicants.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first applicant, along with other joint applicants, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicants, death of all the applicants, 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 the Company or to the registrar and transfer agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) 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

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

MINIMUM SUBSCRIPTION

"If the company does not receive the minimum subscription of 90% of the net offer to public incuding devolvement of Underwriters within 60 days from the date of closure of the issue or if a minimum of 10% of the net offer to the public is not subscribed by QIBs, then the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act, 1956."

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

Equity Shares will be traded in dematerialized form only and therefore the marketable lot is 1 share. Therefore, there is no possibility of any odd lots.

RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF SHARES AND ON THEIR CONSOLIDATION/ SPLITTING

For details in respect of any restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer to the heading 'Main Provisions of Articles of Association of Gallantt Metal Limited' of this Prospectus.

SUBSCRIPTION BY NON RESIDENTS, ELIGIBLE NRIS/FIIS

It is to be distinctly understood that there is no reservation for any non-residents, eligible NRIs, FIIs and such applicants shall be treated on the same basis with other categories for the purpose of allocation. As per RBI regulations, OCBs cannot participate in this Issue.

ISSUE PROCEDURE

PROCEDURE FOR APPLICATION AND MODE OF PAYMENT

AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS

The Memorandum Form 2A containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Managers to the Issue, Registrar to the Issue and at the collection centers of the Bankers to the Issue, as mentioned on the Application Form.

APPLICATION MAY BE MADE BY

a. Indian Nationals resident of India who are Adult Individuals in single name or joint names (not more than three)

b. Hindu Undivided Families through the Karta of the Hindu Undivided Family

c. Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorized to invest in the Shares

d. Indian Mutual Funds registered with SEBI

e. Indian Financial Institutions & Banks

f. Venture Capital Funds / Foreign Venture Capital investors registered with SEBI

g. State Industrial Development Corporation

h. Insurance Companies registered with Insurance Regulatory and Development Authority;

i. Provident Funds with minimum corpus of Rs.25 crore;

j. Pension Funds with minimum corpus of Rs.25 crore;

k. Trusts who are registered under the Societies Registration Act, 1860 or any other trust law and are authorized under its constitution to hold and invest in shares

l. Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India

m. Permanent and Regular employees of the Company

n. Non-Resident Indians (NRIs) and on a repatriable/ non-repatriable basis

o. Foreign Institutional Investors (FIIs) on a repatriable/non-repatriable basis

APPLICATIONS CANNOT BE MADE BY

- Minors
- Foreign Nationals (except NRIs)
- Overseas Corporate Bodies (OCBs)
- Partnership firms or their nominees

APPLICATIONS BY HINDU UNDIVIDED FAMILIES (HUF)

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the (HUF) and will be treated at par with individual applications.

MINIMUM AND MAXIMUM APPLICATION SIZE

Applications should be for minimum of 500 Equity Shares and in multiples of 500 Equity Shares thereafter. An applicant in the net public category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. In the case of reserved categories, a single applicant in the reserved category can make an application for a number of Equity Shares, which exceeds the reservation.

OPTION TO SUBSCRIBE

As on the date of this document, there are no pending options to subscribe to Equity Shares or convertible instruments pending conversion into Equity Shares of any kind. The investor shall have the option to subscribe to Equity Shares to be dealt with in a depository. Shares shall allotted only in demat form. The investor shall have the option to hold the security certificates or to hold the securities in demat form with a depository. The shares of the company will be traded on the stock exchanges only in demat mode.

APPLICATIONS UNDER POWER OF ATTORNEY

In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds; a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted. The Company in its absolute discretion reserves 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 as it may deem fit.

INSTRUCTIONS FOR APPLICATIONS BY NRIS/FIIS (ON REPATRIABLE BASIS)

1. As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits.

2. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

3. In case of application by NRIs on repatriation basis, the payments must be made through Indian rupees purchased abroad or cheques or banks, 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 Subscribers applying on a repatriation basis. Payment by bank s should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account.

4. In case of application by FIIs on repatriation basis, the payment should be made out of funds held in Special Non-Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, bank certificate etc. from the authorised dealer. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to Special Non-Resident Rupee Account.

5. Duly filled Application Forms alongwith cheques/bank drafts in favour of " Gallantt Metal Limited - Public Issue - NRI" will be accepted at the following branches: Kolkata & Mumbai.

6. Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges / commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to 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 into Indian Rupees and vice versa.

INSTRUCTIONS FOR APPLICATIONS BY INDIAN MUTUAL FUNDS & INDIAN AND MULTILATERAL DEVELOPMENT FINANCIAL INSTITUTIONS

1. A separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications. The applications made by the Asset Management Company or Trustees / Custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.
2. Indian Mutual Funds & Indian and Multilateral Development Financial Institutions should apply in this Public Issue based upon their own investment limits and approvals.
3. Application forms together with cheques or bank drafts drawn in Indian Rupees for the full amount payable at the rate of Indian Rs. 10/- per share must be delivered before the close of subscription list to such branches of the Bankers to the Issue at places mentioned in the application form.
4. A separate single cheque / bank draft must accompany each application form.
5. 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.
6. No mutual fund under its scheme should own more than 10% of any Company's paid-up capital carrying voting rights.

TERMS OF PAYMENT

The entire Issue price of Rs.10/- per share is payable on application only. 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 applicants.

UNDERWRITING AGREEMENT

The Company and the Underwriter shall enter into an underwriting agreement before filing of the final Prospectus with ROC.

After signing the Underwriting agreement, the Company shall update and file the final Prospectus with Registrar of Companies: West Bengal Nizam Palace, 2nd MSO Building, 2nd floor 234/4, A. J. C. Bose Road Kolkata-700020, India.

FILING OF PROSPECTUS WITH THE REGISTRAR OF COMPANIES

A copy of the Prospectus, along with the material contracts and documents required to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies: West Bengal Nizam Palace, 2nd MSO Building, 2nd floor 234/4, A. J. C. Bose Road Kolkata-700020, India.

ADVERTISEMENT REGARDING ISSUE PRICE AND PROSPECTUS

The Company will issue a statutory advertisement after filing 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 along with a table showing the number of Equity Shares and the amount payable by an investor.

PAYMENT INSTRUCTIONS

A. PAYMENT INSTRUCTIONS (For Resident investors)

1. Payments should be made in cash or cheque or bank draft drawn on any Bank (including a Co-operative Bank), which is situated at and is a member or a sub-member of the Bankers' "Clearing House", located at the Centers (indicated in the Application Form) where the Application is accepted. However, if the amount payable on application is Rs. 20,000/- or more, in terms of section 269SS of the Income-Tax Act, 1961; such payment must be effected only by way of an account payee cheque or bank draft. In case payment is effected in contravention of the conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon.
2. Money orders, postal orders, outstation cheques or bank drafts, cheques / draft drawn on Banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments may be rejected.

3. A separate cheque / bank draft must accompany each application form.
4. All cheques/demand drafts accompanying the Application Form should be payable in the name of "Gallantt Metal Limited – Public Issue" and crossed "A/C payee only".
5. Investors will not have facility of applying through stock invest instruments as RBI has withdrawn the stock invest scheme vide notification no. DBOD. NO. FSC. BC. 42 / 24. 47.001 /2003-04 dated 5/11/2003.
6. All applications duly completed and accompanied by cash/ cheques/ bank drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Application(s) should not be sent to the office of the Company or the Lead Manager to the Issue.
7. Applicants residing at places where no collection centers have been opened may submit / mail their applications at their sole risk along with application money due there on by Bank Draft to the Registrar to the Issue, superscribing the envelope "Gallantt Metal Limited - Public Issue" so as to reach the Registrar on or before the closure of the Subscription List. Such bank drafts should be payable at Kolkata only.
8. The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims, damage or loss due to postal delays or loss in transit.
9. No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form.
10. Applications shall deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.
11. Applications by NRIs on non-repatriation basis can be made out of the funds held in Non-Resident Ordinary (NRO) Account. The relevant bank certificate must accompany such forms. Such applications will be treated on par with the applications made by the public.

B. PAYMENT INSTRUCTIONS (For Employees)

Reservation on competitive basis has been made in the public issue to the permanent employees including working directors of the Company. Reservation on competitive basis shall mean reservation wherein allotment of shares is made in proportion to the shares applied for.

1. Application must be made only:

a. On the prescribed Application Form (PINK in colour) accompanying this Prospectus and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made;

b. For a minimum of 500 Equity Shares and in multiples of 500 thereafter;

c. In single name or joint names (not more than three), however first applicant should be permanent / regular employee of the Company.

2. A single applicant in the reserved category can make an application for a number of shares that are being issued to employees in terms of this issue. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft shall accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable in favouring Gallantt Metal Limited – Public Issue – Employees" to any of the Bankers to the Issue and crossed "Account Payee Only".
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application

must be delivered before the closing of the subscription list to any of the Bankers to the Issue named herein or to any of their branches mentioned on the reverse of Application Form, and not to the Company or to the Lead Managers to the Issue or to the Registrars to the Issue.

6. No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form. Applicants residing at places where 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 Gallantt Metal Limited – Public Issue - Employees" to Registrar to the Issue.

7. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.

8. The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims, damage or loss due to postal delays or loss in transit.

9. Applications shall deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

GENERAL INSTRUCTIONS FOR APPLICANTS

1. Applications must be made only on the prescribed Application Form and should be completed in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not so made.

2. Thumb impressions and signatures other than in English/ Hindi/ Bengali or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.

3. Bank Account and Depository Details of Applicant:

   The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DPID) number and the Beneficiary number provided the Depository must mention participant correctly in the Application Form at the appropriate place. The Registrar will obtain the Demographic details such as Address, Bank account details and occupation from the depository participants. The refunds, if any, will be printed with the Bank details as given by the Depository participant.

4. Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.

OTHER INSTRUCTIONS

a) Joint Applications in case of Individuals

Applications may be made in single or joint names (not more than three). In case of Joint Applications, refund, pay orders, dividend warrants etc. if any, will be drawn in favour of the first applicant and all communications will be addressed to the first applicant at her/his address as stated in the application form.

b) Multiple Applications

An applicant should submit only one application form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first applicant is one and the same.

The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications. A separate cheque/draft must accompany each application form.

c) PAN / GIR Number

Where an application is for a total value of Rs. 50,000/- or more, the applicant or in case of applications in joint names, each of the applicants should mention his/ her/ their Permanent Account Number (PAN) allotted under Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle/ Ward/ District should be mentioned. In case where neither the PAN nor the GIR Number has been allotted, or the applicant is not assessed to Income Tax, the appropriate box provided for the purpose in the application form must be ticked. Applications without this will be considered incomplete and are liable to be rejected.

d) Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized 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, the Company is in process of signing the following tripartite agreements with the Depositories and Niche Technologies Pvt. Ltd., the Registrar to the Issue:

a) an agreement dated 29th December 2005 with NSDL and the Registrar to the Issue

b) an agreement dated 17th February 2006 with CDSL and the Registrar to the Issue

- An applicant has the option of seeking allotment of Equity Shares only in electronic form. However, the allottee has an option to hold shares in physical mode.
- The applicant seeking allotment of shares in the electronic form must necessarily fill in the details (including the beneficiary account no. and Depository Participant's ID no.) appearing under the heading 'Request for Shares in Electronic Form'.
- An applicant who wishes to apply for shares in the electronic form must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
- Shares allotted to an applicant in the electronic account will be credited directly to the respective beneficiary accounts (with the DP).
- For subscription in electronic form, names in the share application 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.
- The Registrar to this Issue will directly send non-transferable allotment letters/refund orders to the applicant.
- Incomplete/incorrect details given under the heading 'Request for Shares in Electronic Form' in the application form shall be treated as an invalid application and shall be liable to be rejected.
- The applicant is responsible for the correctness of the applicant's demographic details given in the application form vis-à-vis those with his/her DP.
- It may be noted that the electronic shares can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- Trading in the Equity Shares of the Company would be in dematerialised form only for all investors
- Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this issue.
- One time cost of dematerialisation of shares would be borne by the Company. The one time cost refers to the demat charges for the shares opted for in this Issue by an investor in electronic form. Subsequent charges for dematerialisation of physical shares held by the investors would have to be borne by the investor.

Investors can contact the Compliance Officer in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account / refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue.

For further instructions regarding application for the Equity Shares, investors are requested to read the application form carefully.

GROUNDS FOR TECHNICAL REJECTIONS

Applicants are advised to note that applications are liable to be rejected among others on the following technical grounds:

1) Amount paid does not tally with the number of Equity Shares applied for;

2) Age of first applicant is not given;

3) Application by minor;

4) Copy of PAN or GIR number not given if application is for Rs. 50,000/- or more;

5) Application for Equity Shares which are not in multiples of 500;

6) Multiple applications;

7) In case of application under Power of Attorney or by limited companies, corporates, trust etc., relevant documents are not submitted;

8) Signature of the sole and/or joint applicants missing

9) Applicants depository account details not provided;

10) Applications by Overseas Corporate Bodies.

DISPOSAL OF APPLICATION AND APPLICATION MONEY

The Company reserves, in its own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the application money received will be refunded to the applicant within 30 (thirty) days from the date of closure of the Issue. No interest will be payable on the application money so refunded. Refund will be made by Cheque or demand drafts drawn in favour of the sole/first applicant (including the details of his/her savings/current account number and the name of the bank with whom the account is held) to the Issue and will be despatched by Registered Post/ Speed Post for amounts above Rs.1,500 and by Certificate of Posting otherwise. Such refund orders will be payable at par at all the collection centres.

The subscription received in respect of Public Issue will be kept in a separate bank account and the Company shall not have access to such funds unless approvals for dealing from all the Stock Exchanges, where listing has been proposed has been obtained.

The Company has undertaken to make adequate funds available to the Registrar to the Issue for complying with the requirements of despatch of Allotment Letters/Refund Orders by Registered Post/Speed Post.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, 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."

INTEREST ON EXCESS APPLICATION MONEY

The Company shall pay interest at rate of 15% per annum on the excess application money received by us, if the refund orders are not dispatched within 30 days from the date of closure of the subscription list as per the Guidelines issued by the Government of India, Ministry of Finance vide their letter No.F-8/6/SE/79 dated July 21, 1983 and as amended vide their letter No. F/14/SE/85 dated September 27, 1985 addressed to the Stock Exchanges and as further modified by SEBI's circular SMD/RCG/JJ/1819/96 dated 15th May 1996.

BASIS OF ALLOTMENT

A. For Employees

1. Applications received from the Employees/ Shareholders of Group Companies shall be grouped together to determine the total allotment under this category.
2. If the aggregate number of equity shares applied for in this category is less than or equal to 15,56,000 Equity Shares, full allotment shall be made to the applicants in this category and unsubscribed portion will be added back to the "Net offer to the Public" category.
3. If the aggregate number of equity shares applied for in this category is more than 15,56,000 Equity Shares, the allotment shall be made on a proportionate basis as explained below under "Net offer to the Public portion".
4. Only permanent employees (including working directors) of the Company shall be eligible to apply under this category.

B. For Net Offer to the Public portion

In the event of public issue of Equity Shares being over-subscribed, the allotment will be on a proportionate basis subject to minimum allotment of 500 equity Shares as explained below:

1. A minimum 50% of the net Issue to the public will be made available for allotment in favour of those individual applicants who have applied for Equity Shares of or for a value of not more than Rs. 1,00,000/-. This percentage may be increased in consultation with the Designated Stock Exchanges depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines. The Executive Director/Managing Director of the Designated Stock Exchange along with the Lead Manager and the Registrars to the issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the guidelines.
2. The balance of the Net Issue to Public shall be made available to investors including corporate bodies/ institutions and individual applicants who have applied for allotment of Equity Shares for a value of more than Rs. 1,00,000/-.
3. The Unsubscribed portion of the net issue to any of the categories specified in 1 or 2 shall be made available for allotment to applicants in the other category, if so required.
4. Applicants will be categorized according to the number of Equity Shares applied for.
5. The total number of shares to be allotted 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 (number of applicants in the category multiplied by the number of shares applied for) multiplied by the inverse of the over subscription ratio.
6. Number of the shares to be allotted to the successful allottees shall be arrived at on a proportionate basis i.e. total number of shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio.
7. All the applications where the proportionate allotment works out to less than 500 shares per applicant, the allotment shall be made as follows:
   a. Each successful applicant shall be allotted a minimum of 500 Equity Shares; and
   b. The successful applicants out of the total applicants for that category shall be determined by draw 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 (6) above.
8. If the proportionate allotment to an applicant works out to a number that is more than 500, but is a fraction, then for a fraction equal to or higher than 0.50 shall be rounded off to the next integer. If that fraction is lower than 0.50, the fraction shall be ignored.

9. All applicants in such categories shall be allotted shares arrived at after such rounding off.

10. If the shares, allocated on a proportionate basis to any category is more than the shares allotted to the applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful applicants in that category.

11. The balance shares if any, remaining after such adjustment shall be added to the category comprising applicants applying for minimum number of shares.

12. As the process of rounding off to the nearest multiple of 1 (one) may result in the actual allotment being higher than the shares offered. However, the excess allotment shall not exceed 10% of the net offer to public.

13. Allotment to FIIs / MFs / Venture Capital Funds / Foreign Venture Capital Investors / Insurance Companies would be subject to the limits / restrictions / regulations prescribed by respective regulatory authorities governing them.

For Further details on Basis of Allotment please refer to the page no. 29 of this Prospectus.

LETTERS OF ALLOTMENT OR REFUND ORDERS

The Company shall give credit to the Beneficiary Account with Depository Participants within two (2) working days of finalisation of the basis of allotment of Equity Shares. The Company Shall dispatch refund orders, if any, of value up to Rs.1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs.1,500, if any , by registered post or speed post at the sole or first applicant's sole risk. The 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 7 working days of finalization of the Basis of Allotment for the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made within 30 days from the Issue closing date
- Dispatch of refund orders will be done within 30 days from the Issue closing date
- The Company shall pay interest at 15% per annum (for delay beyond 30 day time as mentioned above), if refund orders are not dispatched and/or demat credit are not made to investors within the 30 day time prescribed above.

Refunds will be made by cheques or pay-orders drawn on the bank(s) appointed by the Company, as refund banker(s). Such instruments will be payable at par at the places where applications are accepted. Bank charges, if any, for encashing such cheques or pay orders will be payable by the applicant.

DESPATCH OF REFUND ORDERS

The Company shall ensure despatch of Refund Orders of value up to Rs.1500/- Under Certificate of Posting & Refund Orders of value over Rs.1500/- and Share Certificates by Registered Post only. Further, adequate funds for the said purpose shall be made available to the Registrar by the Company.

INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS / REFUND ORDERS IN CASE OF PUBLIC ISSUES

"The Company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of public issue. The Company shall also pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants within 30 days from the date of the closure of the issue. However, applications received after the closure of issue in fulfillment of underwriting obligations to meet the underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest."

UNDERTAKING BY THE COMPANY:

The Company undertakes:

a. That the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.

b. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment.

c. That the funds required for dispatch of refund orders by registered post shall be made available to the Registrar to the Issue by the Company;

d. That the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public;

e. That the certificates of Equity Shares/refund orders to non-resident Indian applicants shall be dispatched within specified time;

f. That no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of our Company certifies that:

a. All monies received out of this issue of shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act;

b. Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies had been utilized;

c. Details of all unutilized monies out of the issue of shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilized monies have been invested;

d. The utilization of monies received under promoter's contribution and reservations shall be disclosed under an appropriate head in the Balance Sheet of the Company indicating the purpose for which such monies have been utilized; and

e. The details of all unutilized monies, out of the funds received under promoters contribution and reservations, shall be disclosed under a separate head in the Balance Sheet of the Company indicating the manner in which such unutilized monies have been invested.

f. The issue proceeds may be used for the repayment of funds taken/utilized for the purpose for which the money is raised through the issue

SECTION IX: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF GALLANTT METAL LIMITED

The Articles of Association of the Company, inter alia, includes following clauses:

INCREASE OF CAPITAL BY THE COMPANY AND HOW CARRIED INTO EFFECT

(11) The Company in general meeting may, from time to time, by ordinary resolution increase the share capital by the creation of new shares by such sum, may be divided into shares by such sum, may be divided into shares of such amount, as may be deemed expedient.

(12) Subject to any special rights or privileges for the time being attached to any shares in the Capital of the Company then issued, the new shares may be issued upon such terms and conditions and with such preferential, qualified or such rights and privileges or conditions thereto as the general meeting resolving upon the creation thereof, shall direct, and if no direction be given, the Board shall determine 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 Meetings of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company is increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

INTEREST MAY BE PAID OUT OF CAPITAL

(40) The Company shall have a first and paramount lien upon all the 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 interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares / debentures. 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 / debentures. The Directors may at any time declare any shares / debentures wholly or in part to be exempt from the provisions of this clause.

FORFEITURE OF SHARE

(30) If a member fails to pay the sum payable in respect of any call or any installment of a call on or before the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of the said call or installment remains unpaid, serve a notice on such member requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

(31) The notice aforesaid shall name a further day, not being earlier than the expiry of fourteen days from the date of serving of notice, on or before which the payment required by the notice, is to be made and a place at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall state that in the event of non-payment on or before the date so named, the shares in respect of which such call or installment was payable shall be liable to be forfeited.

DEMATERIALISATION OF SECURITIES

(61A) (a) Definitions : For the purpose of this Article, unless the context otherwise requires:

Beneficial Owner: ' Beneficial Owner' means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

Bye-laws: 'Bye-laws' mean bye-laws made by a Depository under Section 26 of the Depository Act, 1996.

Depositories Act: 'Depositories Act' means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force.

Depository: 'Depository' means a Company formed and registered under the Companies Act, 1956 (1 of 1956)(the Act) 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 (15 of 1992).

Record: '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.

Regulations: 'Regulations' means the regulations made by SEBI.

SEBI: 'SEBI' means the Securities and Exchange Board of India.

Security: 'Security' means such security as may be specified by SEBI from time to time.

Member: 'Member' means a person who holds any shares in the Company and includes a duly registered holder from time to time of the shares of the Company and includes every person holding Equity Share Capital of the Company and a person whose name is entered as a beneficial owner in the records of a Depository shall be deemed to be a member of the Company.

(b) Dematerialisation of Securities:Notwithstanding anything contained in these Articles, the Company shall beentitled to dematerialise or rematerialise its shares, debentures and othersecurities (both existing and future) held by it with the Depository and to offerits shares, debentures and other securities for subscription in a dematerialisedform pursuant to the Depositories Act, 1996 and the Rules framed there under,if any.

TRANSFER OF FULLY AND PARTLY PAID SHARES

(45) Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company along with certificate relating to the shares, or if no such certificate is in existence along with the letter of allotment of the shares, in accordance with the provisions of Section 108 of the Act. The transferor shall be deemed to remain a member in respect of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness, who shall add his address and occupation. Provided that, where on an application in writing made to the Company by the transferee, and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit.

(49A.) 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.

TRANSFER FEE

(50) No fee shall be charged for registration of transfer, transmission, probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

DIRECTORS MAY REFUSE TO REGISTER TRANSFER

(47) Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transfereeis already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodgedwith the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company or any account whatsoever except when the company has a lien on the shares. Transfer of shares / debentures in whatever lot shall not be refused.

TRANSFER OF SHARERS OF INSANE, MINOR, DECEASED OR BANKRUPT MEMBER

(57) Any committee or guardian of a lunatic or infant member or any person becoming entitled to transfer share in consequence of the death or bankrupt.insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of the title as the Board thinks sufficient may with consent of the Board (which it shall not be under any obligation to give) be registered as a member in respect of such shares or may subhject to the regulations as to transfer herein before contained, transfer such shares. This articles is hereinafter referred to as ''The Transmission Article''.

PERSONS ENTITLED MAY RECEIVE DIVIDEND WITHOUT BEING REGISTERED AS MEMBER

(59) A person so becoming entitled under the transmission Articles to a share by reason of the death, lunacy, bankrupt or insolvency of a member shall subject to the provisions of Article 106 or Section 206 of the Act. be entitled to the same dividends and other advantages to which he would be entitled if he was the member registered in respect of the share. Provided that the Board may at any time give notice requiring any such person to elect either to be register himself or to transfer the shares and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE PURPORTING PROHIBIT REGISTRATION OF TRANSFER

(60) The Company shall incur no liability or responsibility whatever in consequence of its registering or to 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) to the prejudice of persons having or claiming an equitable right, title or interest to or in the paid shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice purporting to prohibit 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 or required to regarded to regard or attend or give effect to a notice which may be given to it of any equitable right 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 books of the Company but the company shall nevertheless be at liberty to regard or attend to any such notice and give thereto if the Directors shall so think fit.

POWER TO BORROW

(67) 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 & 370 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.

CONDITIONS ON WHICH MONEY MAY BE BORROWED

(68) 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.

ANNUAL GENERAL MEETING & EXTRAORDINARY GENERAL MEETING

(72) In addition to any other meetings, a general meeting of the Company shall be held within such interval as one specified in Section 166(1) of the Act and, subject to the provision of Section 166 (2) of the Act, at such times and places as may be determined by the Board. Each such general Meeting shall be called an ''Annual General Meeting'' and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall be called an Extra-Ordinary General Meeting.

73) The Board may, whenever it thinks fit, call an Extra-Ordinary General Meeting. If at any time, they are not within India, Directors capable of acting who are sufficient in number to form a quorum, the Directors present in India may call an Extra-Ordinary General Meeting in the same manner and as nearly as possible as that in which such a meeting may be called by the Board.

(74) The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members or other persons entitled to receive such notice shall not invalidate any resolution passed at any such meeting.

(75) The Company shall comply with the Provisions of Section 188 of the Act as to giving Notice of Resolutions and circulating statements on the requisition of members.

(76) No business shall be transacted at a General Meeting of the Company unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, five members present in person shall be the quorum for the meeting of the Company.

NUMBER OF DIRECTORS

(97) Until otherwise determined by the Company in General Meeting the number of Directors of the Company shall not be less than three and not more than twelve.

(98) The following shall become be the first directors of the company :

1) MAYANK AGRAWAL

2) DINESH AGARWAL

3) NITIN KANDOI

APPONTMENT OF DIRECTORS OF THE COMPANY AND PROPORTION OF THOSE WHO RETIRE BY ROTATION

(100) Not less than two-third of total number of Directors of the Company shall :

a) be persons whose period of office is liable to determination by retirement of Director by rotation and

b) Save as otherwise expressedly provided in the Act, be appointed by the Company in General Meeting from the list of candidates decided by the board.

INCREASE OR REDUCE IN NUMBER OF DIRECTORS

(101) The Company in the General Meeting may subhject to provisions of the Article 116 and Section 259 of the Act by ordinary resolution increase or reduce the number of its Directors.

POWER TO APPOINT ADDITIONAL DIRECTORS

(102) The Board of Directors shall have powers at any time and from time to time to appoint any other person as a Director either to fill up a casual vacancy or as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles. Any Director so appointed shall hold office only until the conclusion of the next following Annual General Meeting of the Company but shall be eligible for re-election at such meeting.

ALTERNATE DIRECTORS

(103) Subject to the provisions of Section 313 of the Act or any statutory modifications thereof, the Board shall have power to appoint any person to act as alternate Director for a Director during the latter's absence for a period of not less than three months from the date in which meetings of the Directors are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an Alternate Director, shall be entitled to notice of meetings of the Board and to attend and note the reat accordingly; but he shall not require any qualification and shall ''ipso facto'' vacate office if and when the absent Director returns to the State in which meetings of the Board are ordinarily held or the absent Director Vacates office as a Director.

BOARD MAY FILL CASUAL VACANCIES

(113) If the office of any Director appointed by the Company in General Meeting is vacated before his term of office will expire, in the normal course, the resulting vacancy may be filled by the Board at a meeting of the Board, but any person so appointed shal hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been so vacated, provided that the Board shall not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 132.

ROTATION & RETIREMENT OF DIRECTORS

(114) a) At every Annual General Meeting one-third of such Director for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, then the member nearest to one-third shall retire from office. The retiring Director shall retain his office until dissolution of the meeting at which his successor is elected. An ex-officio Director shall not be liable to retire by rotation within the meaning of this Article.

b) The Directors to retire in every year shall be those who have been longest in office since their last election, but as between person who become Directors on the same day those to retire shall unless they otherwise agree amongst themselves, be determined by log from the list of candidates provided by the board.

(115) A retiring Director shall be eligible for re-election.

SECRETARY

(138) The Board may from time to time appoint or employ any person to be the secretary of the company upon such terms, conditions and remuneration as it thinks fit to perform any functions which by the Act or the Articles for the time being of the Company are to be performed by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Board. The board may also at any time appoint some persons (who need not to be the Secretary) to keep the register required to be kept by the Company.

DIRECTORS MAY BE APPOINTED AS SECRETARY

(139) Subject to the provisions of the Act, a Director may be appointed as Secretary.

THE SEAL

DIRECTORS TO PROVIDE A COMMON SEAL AND ITS CUSTODY

(140) a) The Directors 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 and the Directors shall provide for the safe custody of the seal for the time being.

USE OF SEAL

b) The seal shall not be affixed to any instrument except in the presence of Director of an officer duly authorized who shall sign every instrument which seal shall be affixed. Provided, nevertheless, that any instrument other than a Share Certificate bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same. Provided further that in respect of issue of Share Certificates the provisions of the Companies (issue of Share Certificates) Rules, 1960 shall apply.

CAPITALISATION OF PROFITS

(143.1) The Company in General Meeting may, upon the recommendation of the Board, resolve :

a) to capitalise whole or any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

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 proportions.

(143.2) 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 :-

i) paying up any amounts for the time being unpaid on any shares held by such members respectively;

ii) paying up in full, un-issued-issued-issue shares, debentures or debenture-stock of the Company to be allotted and distributed, credit as fully paid up, to be and amongst such members in the proportion aforesaid; or

iii) partly in the way specified in sub-clause (1) and partly in that specified in sub-clause (2).

(143.3) A share premium account and a capital redemption reserve fund may, for the purposes 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.

RESOLVING ISSUES OF FRACTIONAL CERTIFICATES

(144.2) The board shall have full power :- To make such provision by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and also.

DIVIDENDS

(145) Subject to the rights of members entitled to a share (if any) with preferential or special rights attached thereto the profiles of the Company which shall form time to time be determined to divided in respect of any year or other period shall be applied in the payment of a dividend on the Equity Shares of the Company, but so that holder of partly paid-up share proportionately to the amount paid or credited thereon during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms of providing that it shall rank for dividend as form a particular date, such

share shall rank for dividend accordingly. Where capital is paid up in advance of calls upon the footing that the same carry interest such capital shall not whilst carry interest confer a right to dividend or to participate in profits.

DECLARATION OF DIVIDENDS

(146) The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of capital paid up on the shares held be them respectively.

AMOUNT OF DIVIDENDS

(147) The Company in general meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may subject to the provisions of Section 207 or the Act, fix time for payment.

DIVIDENDS OUT OF PROFITS ONLY

(148) No larger dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller dividend.

(149) No dividend shall be payable except out of the profits of the Company or out of moneys provided by the Central or State Government for the payment of dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.

(150) The declaration of the Board as to the amount of net profits of the Company shall be conclusive, subject to the provisions of the Act.

INTERIM DIVIDEND

(151) The Directors if in their opinion, the position of the Company justifies may from time to time without the sanction of a general meeting pay interim dividends to one or more classes of shares to the exclusion of others at rates which may be differing from class to class and when declaring such dividend they should satisfy themselves that the preference shares which have prior claim in respect of payment of dividend shall have their entire rated dividend at the time of final preparation of the accounts for the period.

DIVIDEND AND CALL TOGETHER

(152) Any General meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each members shall not exceed the dividend payable to him and so that the call made earlier be payable at the same time as the dividend and the dividend may if so arranged between the Company and the member, be set off against the call. The making of a call under this Article shall be deemed ordinary meeting which declares dividend.

BOOKS AND DOCUMENTS

(159) The Director shall cause to be kept in accordance with Section 208 of the Act

proper books of accounts with respect to :-

a. all sums of money received and spent by the Company and the matters in respect of which the receipt and expenditure take place.

b. all sales and purchases of goods by the Company.

c. the assets and liabilities of the Company.

INSPECTION BY MEMBER

(160) The books of accounts shall be kept at the office of at such other place as the Board thinks fit and shall be open to inspection by the Directors during business hours.

(161) The Directors shall from time to time, subject to the provisions of Section 163, 194 and 219 of the Act determine whether and to what extend and at what time and places and under what conditions, the documents and registers or any of them maintained by the Company of which in spedction is allowed by the Act shall be kept open for the inspection of the members. Till decided otherwise by the Board, such documents and registers shall be kept open, for inspection to the persons

entitled thereto between 11 A.M. to 1 P.M. on all working days. No member (not being a Director) shall have and right to inspection of any account or books or documents of the Company except as conferred by law or by Act or authorised by the Directors, or by resolution of the Company in general meeting and no member, not being a director shall be entitled to require or receive any information concerning the business, trading or customers of the Company or any trade secret on secret process of or used by the Company.

SECTION X: OTHER INFORMATION

LIST OF MATERIAL CONTRACTS AND DOCUMENT FOR INSPECTION

The following contracts not being contracts entered in the ordinary course of business carried on by Gallantt Metal Limited which are or may be deemed material contracts have been attached to the copy of this Prospectus 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 Registered Office of the Company at: "Centre Point", 21, Hemant Basu Sarani, 3rd Floor, Room No.306, Kolkata – 700 001 between 11.00 a.m. to 1.00 p.m. on any working day, excluding Saturday and Sunday from the date of the Prospectus to until the date of closing of the issue.

Material Contracts

i. Memorandum of Understanding dated 27th October 2005 with Anand Rathi Securities, appointing them as Lead Manager to the Issue.

ii. Memorandum of Understanding dated December 1, 2005 signed with Niche Technologies Private Limited, appointing them as Registrar to the Issue.

iii. Tripartite Agreement dated 29th December 2005 between the Company, NSDL and Niche Technologies Private Limited, Registrar to the Issue.

iv. Tripartite Agreement dated February 17, 2006 between the Company, CDSL and Niche Technologies Private Limited, Registrar to the Issue.

v. Underwriting Agreement dated February 17, 2006 betweent the Company and Underwriter.

Documents for Inspection

a. Memorandum and Articles of Association of Gallantt Metal Limited., as amended from time to time.

b. Certificate of Incorporation of Gallantt Metal Limited., dated 7th February, 2005.

c. Resolution Passed by the Board of Directors at their meeting held on 1st October 2005, authorizing the Public Issue.

d. Resolution Passed at the EGM held on 25th October 2005, authorizing the Public Issue.

e. The Report of A.K. Meharia & Associates, the Staturory Auditors, dated 5th December 2005 prepared as per Indian GAAP and mentioned in the Drat Prospectus together with copies of balance sheet of the Company referred to therein for the year ended 31st March 2005 and six month period ended as on 30th September, 2005.

f. The Tax Benefit Report dated 27th October 2005 from the Statutory Auditors

g. Common Sanction letter received from the Consortium of banks - State Bank of India (Appraiser), Bank of Baroda, State Bank of Patiala, State Bank of Travancore, State Bank of Mysore, State Bank of Hyderabad, State Bank of Indore and UCO Bank. , dated 19th October 2005 for the term loan of the project

h. Sanction letter of SBI for the working capital loan dated August 22, 2005.

i. Appraisal reports received for the project

Name of Bank	Date of Appraisal
SBI Capital Market	June 2005
SBI	July 30, 2005

j. Consent from the Directors, Compliance Officer, Auditor, Lead Managers, Underwriter, Registrar to the Issue, Bankers to the Issue, Bankers to the Company, Legal Advisor to the Issue and Company Secretary to act in their respective capacities.

k. General Power of Attorney executed by Directors of the Company in favour of person(s) for signing and making necessary changes to the Prospectus.

l. Resolution of the Annual General Meeting held on 30th September 2005 appointing A.K. Meharia & Associates as statutory auditors.

m. Resolution of the meeting of Board of Directors of the Company held on 30th November 2005 for the constitution of Audit Committee, Shareholders' / Investor Grievance Committee and Remuneration Committee.

n. Resolution of the the meeting of Board of Directors of the Company held on 1st September 2005 and resolution of the AGM held on 30th September 2005 appointing Shri Chandra Prakash Agrawal as Managing Director, and also appointing Mr. Sushil Kumar Agarwal as Independent Director

o. Resolution of the Board meeting held on 1st November 2005 appointing Shri Nitin Kandoi and Shri Dinesh R. Agrawal as Wholetime Director, meeting held on 30th November 2005 appointing Mr. J.N. Dey and Mr. Rajesh Kumar Jain as Independent Director, and approving their remuneration.

p. Copy of the Auditors Certificate dated 15th February 2006 from A.K. Meharia, Chartered accountants regarding the Sources and Deployment of Funds as on December 31, 2005.

q. Copies of listing applications made to NSE & BSE for permission to list the Equity Shares offered through this Prospectus and for an official quotation of the Equity Shares of the Company.

r. Copies of in-principal listing approvals from NSE & BSE.

s. Due Diligence Certificate dated 23rd December 2005 from Anand Rathi Securities.

t. SEBI Observation letter no. CFD/DIL/SM/ISSUES/60409/2006 dated February 16, 2006 and reply of ARS to the same.

u. Terms of Appointment of Managing Director

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the 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

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures made in this Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS

Shri Chandra Prakash Agrawal

Shri Nitin Kandoi

Shri Dinesh R. Agarwal

Mr. Sushil Kumar Agrawal

Mr. J.N. Dey

Mr. Rajesh Jain

Place : Kolkata
Date : February 23, 2006