

GALLANTT

GALLANTT METAL LIMITED

Annual Report 2015-16

ON THE
MOVE





Dear Shareowners

It gives me immense pleasure to address you at the end of another successful year. The year 2015-16 was of steady and stable growth. We exercised great caution during the year, because the external environment was volatile and largely unpredictable. We successfully increased our production efficiencies and implemented multiple initiatives to enhance our preparedness for your company's resurgence in the iron and steel sector. We are today more equipped and confident that our foresight is taking us towards the right direction and long-term sustainability.

Economic Outlook and Industry

Global economic recovery, during the year, remained sluggish, fragile and uninspiring. In advance economies the recovery was modest and largely uneven. The US economy performed with resilience, supported by relatively easy financial conditions with strengthening housing and labour markets. In the European economy, robust private consumption, supported by lower oil prices and easy financial conditions outweighed the weakening net exports.

The scenario for emerging markets and developing economies is not very encouraging either. China is on a rebalancing mode; it is navigating a momentous but complex transition towards a more sustainable growth. Given China's important role in global trade, the rebalancing efforts can have substantial spill-over effects, especially on emerging market and developing economies.

India continued to be one of the most attractive economies by common consensus. During FY 2015-16, the economy grew by 7.6% and the government took considerable measures to usher in a culture of fiscal consolidation. The government is focusing on across the board reforms to spearhead infrastructure development in railways, roads and highways as well as the power sector, to build a broad-based foundation for accelerated socio-economic development.

The year 2015-16 ended on a positive note. We saw good recovery of steel prices in the domestic market, which for the past 18 months had

LETTER TO SHAREOWNERS

slumped to an all-time low. Moreover, introduction of minimum import price (MIP), also helped to curb the rapidly growing imports at predatory prices. More importantly, demand was stagnant for most of the year; and the marginal demand growth benefited the importers. The indigenous steel producers failed to become true beneficiaries of the fledgling demand growth.

In this context, it is pertinent to mention that the government's Make in India initiative has been a resounding success. After the launch of Make in India, FDI inflows have increased by 37% (Source: Ministry of Commerce and Industry).

Your Company's Performance

A growing and competitive manufacturing sector has become the prime mover of the modern economy. Your Company's main focus is customer centric and about keeping Customers happy in a very demanding environment. Company believes that the salesperson is the star and needs to have sharpened skills and processes that keep the empowered Customer happy. Your Company has delivered strong operational performance in FY 2015-16 with relentless focus on cost discipline and improved productivity across all our operations that enabled us to deliver strong earnings and record cash flow. As a result, your company reduced debt and strengthened its ability to withstand volatility in the tough and challenging commodities market during the year. The strength of business is determined not by how well they do in good times, but in how courageously they sustain periods of uncertainty and challenges. During 2015-16, your company have witnessed unprecedented challenges but remained steadfast to the belief to counter these challenges with resilience. This we reflected through our strong operational performance. Our revenues stood at 66,997.01 Lacs and EBIT at 50,86.55 Lacs in the fiscal. Profit Before Tax and Profit after Tax stood at ₹ 4,382.40 Lacs and ₹ 4,158.30 Lacs respectively. We went a step ahead to achieve further operational efficiencies and enrich our product mix. We are focussing on growing our domestic sales and aggressively expanding our sales network and achieve higher branded sales.

It has been a year of great transition for the Company. I am confident that we will have a more promising year ahead of us in view of the strategies we have undertaken, the gradually developing positivity in our core operative sectors. I seek the support and cooperation of all our stakeholders to strengthen your company's mandate to help create a progressive and prosperous business.

The Company's management will continue to focus on operational and commercial excellence in its operations and strive for further growth.

Finally, I would like to gratefully acknowledge the trust and confidence reposed in us by you.

Yours truly,

C. P. Agrawal

CHAIRMAN

**GALLANTT METAL LIMITED**

Corporate Identity Number (CIN): L27109WB2005PLC101553

Corporate Profile**BOARD OF DIRECTORS****Mr. Chandra Prakash Agrawal**
*Chairman & Managing Director***Mr. Dineshkumar Raghubir Prasad Agarwal**
*Whole Time Director***Mr. Nitin M Kandoi**
*Director***Mr. Prashant Jalan**
*Director-Plant Operation***Mr. Ramesh Kumar Choudhary**
*Non-Executive Independent Director (Resigned w.e.f. 30.5.16)***Mr. Jyotirindra Nath Dey**
*Non-Executive Independent Director***Mr. Prasant Kankrania**
*Non-Executive Independent Director***Ms. Richa Bhartiya**
*Non-Executive Independent Director***Mr. Mayank Daga**
*Non-Executive Independent Director***AUDITORS**A. K. Meharia & Associates
*Chartered Accountants***COST AUDITORS**U. Tiwari & Associates
*Cost Accountants***CHIEF FINANCIAL OFFICER**

Mr. Sandip Kumar Agarwal

COMPANY SECRETARY

Mr. Rajesh Upadhyaya

REGISTERED OFFICE1, Crooked Lane, Second Floor
Room Nos. 222 & 223
Kolkata - 700 069
Telefax: 033-40642189
Website: www.gallantt.com**BANKERS**

State Bank of India

EQUITY SHARES LISTEDBombay Stock Exchange Limited
National Stock Exchange of India Limited**REGISTRARS & SHARE TRANSFER AGENT**Niche Technologies Pvt. Ltd.
D-511, Bagree Market
71, B.R.B. Basu Road, Kolkata - 700 001
Ph.: 033-22357270/7271/ 3070/ 2234
Fax: 033-22156823**WORKS OFFICE**Near Toll Gate, Village - Samakhali,
Taluka - Bachau, District - Kutch
Gujarat**AUDIT COMMITTEE**Mr. Prasant Kankrania - *Chairman*
Mrs. Richa Bhartiya
Mr. Jyotirindra Nath Dey**STAKEHOLDERS RELATIONSHIP COMMITTEE**Mrs. Richa Bhartiya - *Chairman*
Mr. Prasant Kankrania
Mr. Jyotirindra Nath Dey**NOMINATION AND REMUNERATION COMMITTEE**Mr. Jyotirindra Nath Dey - *Chairman*
Mr. Prasant Kankrania
Mrs. Richa Bhartiya**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**Mr. Jyotirindra Nath Dey - *Chairman*
Mr. Chandra Prakash Agrawal
Mr. Dinesh Kumar R. Agarwal**12th ANNUAL GENERAL MEETING**

Date	26.09.2016
Day	Monday
Time	3.30 P.M.
Place	Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017.
Book Closure Date for AGM	Tuesday, September 20, 2016 to Monday, September 26, 2016 (both days inclusive)
Members are requested to register their email address with the Depository Participants/Registrar & Share Transfer Agent.	

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DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the 12th Annual Report of the Company and the Annual Accounts for the year ended 31st March, 2016.

WORKING RESULTS

(₹ in Lacs)

Financial Results	Standalone 2016	Standalone 2015	Consolidated 2016
Net Sales/Income from operation (Net of Excise Duty)	66,997.01	72,033.46	66,997.01
Other Income	353.41	171.62	353.41
Profit before Interest, Depreciation and Tax	6,841.79	6,534.14	6,841.79
Less: Finance Cost	704.15	1,170.25	704.15
Profit before Depreciation & Tax	6,137.64	5,363.89	6,137.64
Less: Depreciation (including amortization)	1,755.23	1,686.26	1,755.23
Profit Before Tax	4,382.41	3,677.63	4,382.41
Tax Expenses	224.10	282.75	224.10
Profit After Tax	4,158.31	3,394.88	4,158.31
Share of Profit and Loss from Associate	—	—	416.16
Profit for the year	—	—	4,574.48

PERFORMANCE REVIEW & STATE OF COMPANY'S AFFAIRS

Net sales for the year were lower by 7.52% over the previous financial year. Profit before Depreciation, Interest and Taxation (PBDIT) was higher by 4.71% at ₹ 6,841.78 Lacs (previous year ₹ 6,534.15 Lacs). With depreciation (including amortisation) of ₹ 1,755.23 Lacs (previous year ₹ 1,686.26 Lacs) and finance cost ₹ 704.15 Lacs (previous year ₹ 1,170.25 Lacs), Profit Before Tax and Profit after Tax stood at ₹ 4,382.40 Lacs and ₹ 4,158.30 Lacs.

Earnings per Share (EPS) is ₹ 5.11 for the Financial Year ended March 31, 2016. Your Directors are pleased to report that consistent efforts and policy to cut down the cost has resulted in increase in the profitability reduction in per unit cost and consequently enabled the company to achieve better margins and face competitors more efficiently.

There are no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year 2015-16 and the date of this Report. We engage with our potential customers and try to integrate their insights into our products. We provide value and quality for the discerning customer.

The real estate sector continued to remain weak during the year under review, which also slowed down the allied sectors, including the building material sector. The turnaround has been slower than expected, a factor which led retailers to go slow. This impacted the

organisations engaged in the building material business adversely. With the RBI reducing rates along with a turnaround in the infrastructure sector, the real estate segment is expected to report a better performance in the coming years, which will in turn help the building material industry as a whole.

DIVIDEND

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

TRANSFER TO RESERVE

Your Company has earned a total profit after tax of ₹ 4,158.31/- Lacs which has been transferred to General Reserve for the purpose of future expansions and acquisitions or other purposes.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

- c. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The directors have prepared the annual accounts on a going concern basis.
- e. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

CORPORATE GOVERNANCE

As required by Regulation 34 and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Corporate Governance Report, Management Discussion and Analysis, and the Auditor's Certificate regarding compliance of conditions of Corporate Governance, form part of the Annual Report. Your Company is fully compliant with the Corporate Governance guidelines, as laid out in Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. All the Directors (and also the members of the Senior Management) have affirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company.

LISTING INFORMATION

The Equity Shares in the Company are in dematerialized form and is listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Listing Fee has been paid to the Stock Exchanges for the year 2016-17. The ISIN No. of the Company is INE297H01019.

CREDIT RATING

Fitch India Ratings (hereinafter referred to as "Fitch") has assigned grade A- for credit rating of Term Loan and Grade A2 for working capital facilities.

FIXED DEPOSITS

The Company has not accepted any deposit within the meaning of Chapter V of the Companies Act, 2013 and the Rules framed there under.

AUDITORS & AUDITORS' REPORT

M/s. A. K. Meharia & Associates, Chartered Accountants, statutory auditors of the Company was reappointed as the Auditors of the Company at the previous Annual General Meeting. As per the provisions of Section 139 of the Companies Act, 2013, Statutory Auditors of the Company hold office until the conclusion of the 13th Annual General Meeting. Necessary certificate has

been obtained from the Auditors as per Section 139(1) of the Companies Act, 2013.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed as **Annexure-I** to this Directors' report.

COST AUDIT

M/s. U. Tiwari & Associates, Cost Accountants were appointed with the approval of the Central Government to carry out the cost audit in respect of the Company for the financial year 2015-16. Based on the recommendation of the Audit Committee, M/s. U. Tiwari & Associates, Cost Accountants being eligible have also been appointed by the Board as the Cost Auditors for the financial year 2016-17.

FINANCE AND ACCOUNTS DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

Tight control was kept over the finances of your Company. Your Company could reduce its finance cost through judicious working capital management and operational efficiencies. Your Company remains focused to reduce its borrowings. Your Company met its financial commitments in servicing debt and repayment thereof in a timely manner. Capital expenditure programme was fully met.

Your Company has put in place adequate internal financial controls with reference to the financial statements, some of which are outlined below:

Your Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under Section 133 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. These are in accordance with generally accepted accounting principles in India.

Your Company has a robust financial closure self-certification mechanism wherein the line managers certify adherence to various accounting policies, accounting hygiene and accuracy of provisions and other estimates.

PERSONNEL, INDUSTRIAL RELATIONS AND MARKETING EMPLOYEE RELATIONS

Your Company believes in a system of Human Resource Management which rewards merit based performance and playing an active role in improving employee skills.

Actions during the year under review were supportive of this policy.

One of your Company's key strengths is its people. Relations with employees remained cordial and satisfactory. Your Board would like to place on record its appreciation of employees for their contributions to the business.

Your Company believes in a system of Human Resource Management which rewards merit based performance and playing an active role in improving employee skills.

The details of the ratio of the remuneration of each Director to the median employee's remuneration and other particulars and details of employees in terms of Section 197(12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms a part of this Report. The details of the employee's remuneration as required under the said section and Rule 5(2) & 5(3) of the said Rules forms a part of this Report and are available at the Registered Office of the Company during working hours before the Annual General Meeting and shall be made available to any Member on request.

BOARD OF DIRECTORS AND SENIOR EXECUTIVE

In terms of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors can hold office for a term of up to five (5) consecutive years on the Board of Directors of your Company and are not liable to retire by rotation. Mr. Ramesh Kumar Chaudhary (DIN: 00558707) has tendered his resignation from the Directorship of the Company effective from May 30, 2016.

In terms of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Mayank Daga (DIN: 07581076) has been appointed as an Additional Director qualified to be an Independent Director. He can hold office for a term of upto five consecutive years on the Board of Directors of your Company and are not liable to retire by rotation.

The Board of Directors comprises of Eight Directors of which four are Independent Directors. In terms Section 152 of the Companies Act, 2013, Mr. Prashant Jalan (DIN: 06619739) liable to retire by rotation at the ensuing Annual General Meeting and eligible for re-election.

Tenure of Mr. Prashant Jalan (DIN: 06619739) as a Whole-time Director (Director-Plant Operations) shall be terminated on August 11, 2016. At their meeting held on August 08, 2016 Mr. Prashant Jalan (DIN: 06619739) has been reappointed as a Whole-time Director of the Company for a period of three years on the terms and

conditions as embodied in the Agreement entered into between the Company and Mr. Prashant Jalan. Mr. Prashant Jalan shall be liable to retire by rotation. Appointment of Mr. Prashant Jalan is subject to the approval of the shareholders of the Company.

INSURANCE

All the insurable interests of your Company including inventories, buildings, plant and machinery and liabilities under legislative enactments are adequately insured.

INTERNAL COMPLAINT REGARDING SEXUAL HARRASSMENT

There were no cases of sexual harassment of woman at work place. Also, there are no instances of child labour/ forced labour/ involuntary labour and discriminatory employment during the year.

OUTLOOK AND EXPANSION

The Government is implementing sweeping reforms in the agricultural, manufacturing and services sectors, while putting emphasis on infrastructure creation and encouraging entrepreneurship. India is a large and growing consumer economy; both urban as well as rural markets offer a humongous growth potential. Rising aspirations, growing disposable income, digital conveniences and supportive government policies have helped create an overall macro environment of positivity. The Real Estate sector is showing more strength and hence business improvement is on the upswing.

Your company plans to take the performance to the next level by modernization, installing high tech and time saving machinery and supportive systems, improving quality of work by employee training.

Expansion Project:

The expansion plan by further investment in installation of new capacities and technology upgradation and modern machinery for increasing the capacity of the existing Units are being implemented. We believe that growing scale, enhancing quality standards, and growing market reach will keep us ahead of the curve. During FY 2016-17, we will focus on Consolidate our market leadership across steel segment, Expand our sales and distribution, increase market presence in steel segment, Enhance Return on investment (ROI) through strategic business planning.

AWARD AND RECOGNITIONS

During the previous year, Company has not received award or recognition.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The particulars of loans, guarantees and investments u/s 186 of the Companies Act, 2013 is annexed herewith as **Annexure-II**.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report are annexed herewith as **Annexure-III**.

DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

Mr. Ramesh Kumar Choudhary (DIN: 00558707) has tendered his resignation from the Directorship of the Company effective from May 30, 2016.

In terms of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Mayank Daga (DIN: 07581076) has been appointed as an Additional Director qualified to be an Independent Director. All the Independent Directors have given declarations that they meet the criteria required under section 149(6) of the Companies Act, 2013.

Mr. Mayank Daga can hold office for a term of upto five consecutive years on the Board of Directors of your Company and are not liable to retire by rotation.

Tenure of Mr. Prashant Jalan (DIN: 06619739) as a Whole-time Director (Director-Plant Operations) shall be terminated on August 11, 2016. At their meeting held on August 08, 2016 Mr. Prashant Jalan (DIN: 06619739) has been reappointed as a Whole-time Director of the Company for a period of three years on the terms and conditions as embodied in the Agreement entered into between the Company and Mr. Prashant Jalan. Mr. Prashant Jalan shall be liable to retire by rotation. Appointment of Mr. Prashant Jalan is subject to the approval of the shareholders of the Company.

NUMBER OF MEETINGS OF BOARD AND AUDIT COMMITTEE HELD DURING THE YEAR 2015-2016

The details of the number of Board and Audit Committee meetings of your Company are set out in the Corporate Governance Report which forms part of this Report.

DETAILS OF POLICIES

(i) Nomination and Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Company's Remuneration Policy is available on the Company's website www.gallantt.com and the same is attached herewith as **Annexure - IV**.

(ii) Corporate Social Responsibility Policy (CSR)

The Board has, on the recommendation of the CSR Committee, approved the CSR Policy. The Company's CSR Policy is available on the Company's website www.gallantt.com and the same is attached herewith as **Annexure - V**.

Annual Report on CSR as required under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is also attached herewith as **Annexure-VI**.

(iii) Risk Management Policy

Business Risk Evaluation and Management is an ongoing process within the Organization. Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Board has framed a Risk Management Policy for the Company. The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis. At present the company has not identified any element of risk which may threaten the business (or) existence of the company.

(iv) Whistle Blower Policy – Vigil Mechanism

Your Company has formulated a Vigil Mechanism Policy with a view to provide a mechanism for employees and directors of the Company to approach the Chairman of the Audit Committee to ensure adequate safeguards against victimisation. This policy would help to create an environment wherein individuals feel free and secure to raise an alarm, whenever any fraudulent activity takes place or is likely to take place. It will also ensure that complainant(s) are protected from retribution, whether within or outside the organization. The Board has elected Mr. Rajesh Upadhyaya, Company Secretary as the Whistle Officer under the vigil mechanism policy.

The details of establishment of the Vigil Mechanism Policy is displayed on the website of the Company www.gallantt.com

BOARD COMMITTEES

Details of Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee have been disclosed under Corporate Governance Report.

DETAILS OF RECOMMENDATIONS OF AUDIT COMMITTEE WHICH WERE NOT ACCEPTED BY THE BOARD ALONG WITH REASONS

The same is not applicable as the Audit Committee's recommendations were accepted and implemented by the Board.

NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR –

Company does not have Subsidiary Company. Your Company holds more than 20% shareholding in Gallantt Ispat Limited thereby making it as an Associate.

SECRETARIAL AUDITORS

Ms. Khushboo Goenka, Practising Company Secretary, having office address at 204, Ram Krishna Samadhi

Road, 2nd Floor, Kolkata – 700054 has been appointed as Secretarial Auditors of the Company for the FY ended 31.03.2016. The Secretarial audit report received from the Secretarial Auditors is annexed to this report marked as **Annexure - VII** and forms part of this report.

PARTICULARS OF CONTRACTS/ARRANGEMENTS/TRANSACTIONS WITH RELATED PARTIES

Related Party Transactions entered into, during the year under review, were on arm's length basis and in the ordinary course of business for the operational and administrative benefits of the Company. There were no contracts/arrangements/transactions, with related parties which could be considered as material and which may have a potential conflict with the interest of the Company at large. Accordingly, no contracts/arrangements/transactions are being reported in Form AOC-2. Related Party Transactions during the Financial Year ending 31.03.2016, being arm's length transactions have been reported in the financial statements and forms part of this report. The Audit Committee and the Board of Directors of the Company have formulated the Policy on dealing with RPTs and a Policy on materiality of RPTs which is uploaded on the website of the

Company and can be accessed through the website of the Company www.gallantt.com

REPORT ON PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

Pursuant to the provisions of Section 129(3) of the Act, a statement containing performance & salient features of the financial statements of Company's associate Company in Form AOC-1 is attached as **Annexure-VIII**.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of section 92(3) of the Act, the details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure-IX**.

PARTICULARS OF EMPLOYEES

Particulars of Employees and Related disclosures

No employee of the Company is covered under the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. List of top ten employees are given in page no. 10.

MANAGERIAL REMUNERATION

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

- (a) ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;

Name	Designation	Ratio to median remuneration of employees
Chandra Prakash Agrawal	Chairman & Managing Director	8.38 : 1
Dineshkumar Raghubir Prasad Agarwal	Whole-time Director	8.38 : 1
Prashant Jalan	Director (Plant-Operation)	2.79 : 1
Nitin M Kandoi	Non-executive Director	-
Jyotirindra Nath Dey	Independent Director	-
Prasant Kankrania	Independent Director	-
Richa Bhartiya	Independent Director	-

- (b) percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Name	Designation	% increase
Chandra Prakash Agrawal	Chairman & Managing Director	7.14
Dineshkumar Raghubir Prasad Agarwal	Whole-time Director	7.14
Prashant Jalan	Director (Plant Operation)	11.11
Nitin M Kandoi	Non-executive Director	-
Jyotirindra Nath Dey	Independent Director	-
Ramesh Kumar Choudhary	Independent Director	-
Prasant Kankrania	Independent Director	-
Richa Bhartiya	Independent Director	-
Sandip Kumar Agarwal	Chief Financial Officer	4.01
Rajesh Upadhyaya	Company Secretary	8.67

- (c) percentage increase in the median remuneration of employees in the financial year: 56.64%
- (d) number of permanent employees on the rolls of company: 651
- (e) explanation on the relationship between average increase in remuneration and company performance:
- The profit before tax for the financial year ended March 31, 2016 increased by 19.16% and the profit after tax for the financial year ended March 31, 2016 increased by 22.49% (on post-amalgamation basis), whereas the increase in median remuneration is 54.64%. The average increase in median remuneration is in line with the performance of the company.
- (f) comparison of the remuneration of the Key Managerial Personnel against the performance of

the company;

The total remuneration of KMP increased by 7.25%, whereas the profit before tax increased by 19.16% and the profit after tax increased by 22.49%.

- (g) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- 60.36% (non-Managerial personnel) 26.31% (Managerial Personnel)
- (h) comparison of remuneration of each of the Key Managerial Personnel against the performance of the company;

Name	Designation	% increase	Comparison
Chandra Prakash Agrawal	Chairman & Managing Director	7.14	The profit before tax for the financial year ended March 31, 2016 increased by 19.16% and the profit after tax for the financial year ended March 31, 2016 increased by 22.49%, whereas the increase in median remuneration is 56.64%. The average increase in median remuneration is in line with the performance of the company.
Dineshkumar Raghubir Prasad Agarwal	Whole-time Director	7.14	
Prashant Jalan	Director (Plant Operation)	11.11	
Nitin M Kandoi	Director Non-Executive Director	—	
Sandip Kumar Agarwal	Chief Financial Officer	4.01	
Rajesh Upadhyaya	Company Secretary	8.67	

- (i) the key parameters for any variable component of remuneration availed by the directors;
- Company's financial results, the performance of the business unit, individual performance, skills and competence, fulfillment of various improvement targets or the attainment of certain financial objectives.
- (j) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; 1:1.27 & 1:2.11.
- (k) We hereby affirm that the remuneration paid to the managerial and non-managerial personnel is as per the Remuneration Policy of the Company approved at the board meeting dated 30.05.2014.
- The Remuneration policy of the Company comprising the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Executives of the Company including criteria for determining qualifications, positive attributes, independence of a Director and other related matters has been provided in the Report.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Regulations.

Agreement, the Board has carried out the annual performance evaluation of the Directors individually as well as evaluation of the working of the Board and of the Committees of the Board, by way of individual and collective feedback from Directors.

Pursuant to Para VII of Schedule IV of the Companies Act, 2013 and SEBI Regulations, a meeting of the Independent Directors of the Company was convened to perform the following:

Review the performance of non-independent directors and the Board as a whole;

Review the performance of the Chairperson of the Company, taking into account the views of executive directors and nonexecutive directors;

Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Further, the Nomination and Remuneration Committee also evaluated the performance of all the directors of the Company.

The criteria for evaluation are briefly provided below:**Role & Accountability**

- Understanding the nature and role of Independent Directors' position.
- Understanding of risks associated with the business.
- Application of knowledge for rendering advice to management for resolution of business issues.
- Offer constructive challenge to management strategies and proposals.
- Active engagement with the management and attentiveness to progress of decisions taken.

Objectivity

- Non-partisan appraisal of issues.
- Own recommendations given professionally without tending to majority or popular views.

Leadership & Initiative

- Heading Board Sub-committees.
- Driving any function or identified initiative based on domain knowledge and experience.

Personal Attributes

- Commitment to role & fiduciary responsibilities as a Board member.
- Attendance and active participation.
- Proactive, strategic and lateral thinking.

FAMILIARISATION PROGRAMME

Your Company follows a structured orientation and familiarization programme through various reports/codes/internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis.

Periodic presentations are made at the Board Meetings on business and performance, long term strategy, initiatives and risks involved.

CODE OF CONDUCT

Your Company has adopted a Code of Conduct for members of the Board (incorporating duties of Independent Directors) and the Senior Management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. Your Company has received confirmations from all concerned regarding their adherence to the said Code.

Pursuant to Regulation 17(5) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. C. P. Agrawal, Chairman & Managing Director confirmed compliance with the Code by all members of the Board and the Senior Management.

The full text of the Code is hosted on the Company's website www.gallantt.com under the weblink: http://gallantt.com/pdfs/code_of_conduct.pdf.

CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING

Your Company has adopted a Code of Conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. Gallantt Ispat Limited - Code for Fair Disclosure' are available on the Company's website www.gallantt.com under the weblink: <http://gallantt.com/pdfs/Code%20of%20conduct%20of%20Insider%20Trading/GML/GML%20CODE%20OF%20CONDUCT.pdf>

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments affecting the financial position of the Company since the close of financial year i.e. since 31st March, 2016 till the date of this Report. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

Significant and material orders passed by the regulators / courts / tribunals impacting the going concern status and the Company's operations in future

As such there is no significant and material order by the regulator/court/tribunals impacting the going concern status and the Company's operation in future.

DECLARATION OF INDEPENDENCE

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

GENERAL

- Your Company has not issued equity shares with differential rights as to dividend, voting or otherwise; and
- Your Company does not have any ESOP scheme for its employees/Directors.
- There were no changes in the share capital or the nature of business or the Key Managerial Personnel of the Company.

ACKNOWLEDGEMENT

The Board appreciates the commitment and dedication of its employees across all the levels who have contributed to the growth and sustained success of the Company. We would like to thank all our customers, vendors, bankers and other business associates for their continued support and encouragement during the year. We also thank the Government of India, Government of Uttar Pradesh and all Other Government Agencies for their support during the year and look forward to the same in the future.

On behalf of the Board

Place: Kolkata

Date: August 08, 2016

C. P. Agrawal
Chairman