



**GALLANTT METAL LIMITED**  
Annual Report 2016-17



## Letter to Shareowners

### *Dear Shareowners*

This has been an exciting year for your Company and we have delivered a good financial and operational performance. We continued to focus on cost optimisation and productivity enhancement. It has also been satisfying to witness a steady and stable growth even when external environment was volatile and largely unpredictable.

We are pleased with our performance in FY 2017 having closed the year with Profit After Tax at ₹ 2,710.25 Lacs. But we are looking forward to a stronger and even more exciting year ahead. We are today more equipped and confident that our foresight is taking us towards the right direction and long-term sustainability. With the benefits of volume growth from invested capital yet to reach their full potential, coupled with favourable demand-supply dynamics, we believe the Company has the potential to deliver even better.

#### **Economic Outlook and Industry**

Indian economy continues to remain as an economic bright spot, despite some growth moderation during 2016-17. As per the provisional estimates released by the Central Statistical Organization (CSO), India's Gross Domestic Product (GDP) grew by 7.1% y-o-y in 2016-17 compared to 8.0% in the previous year (under the new base year 2011-12). The inflation rate remained well under control and remained within the Reserve Bank of India (RBI) comfort level. The retail inflation rate measured by Consumer Price Index (CPI) came down to 3.89% in March 2017 compared to 4.83% in March 2016. However,

Wholesale Price Index (WPI) rose to 5.29% in March 2017 against a decline of 1.09% in March 2016.

The lack of momentum in the global economy, lacklustre demand growth in India, and the liquidity crunch post demonetisation, all put severe pressure on our business. Our rapid capacity ramp-up together with smart management of raw materials helped us not just report sales, but generate significantly higher margins and free cash flows. Fiscal 2016-17 remained exciting for the economy, industries and country. We are encouraged by reforms including to the Goods and Services Tax (GST), initiatives to develop infrastructure and focus on providing affordable housing. These are all transformative steps, designed to strengthen the country from within and unleash its full economic potential.

#### **Your Company's Performance**

The flagship company of the Gallantt Group, Gallantt Metal is one of the leading steel producer with integrated steel manufacturing capabilities in the Western India. The company has established its presence with strong technological competencies. Poised to lead the market, Gallantt Metal has achieved stellar growth and has maintained its winning streak through the years. We venture for continued distinction in the industry supported by our four core values of transparency, strive for excellence, dynamism, and passion for learning.

Your Company has delivered good operational performance in FY 2016-17 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. During 2016-17, 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 61,673.14 Lakh and EBIT at 3,659.79 Lakh in the fiscal. Profit before Tax and Profit after Tax stood at ₹ 3,031.52 Lakh and ₹ 2,710.25 Lakh respectively.

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. And, finally, I would like to thank you for the unstinted support and unwavered confidence in the Company.

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 Agarwal**  
*Whole Time Director*

**Mr. Nitin M Kandoi**  
*Director*

**Mr. Prashant Jalan**  
*Director-Plant Operation*

**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 OFFICE

1, 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 LISTED

Bombay 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

#### 13th ANNUAL GENERAL MEETING

Date	26.09.2017
Day	Tuesday
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, 2017 to Monday, September 26, 2017 (both days inclusive)
<b>Members are requested to register their email address with the Depository Participants/Registrar &amp; Share Transfer Agent.</b>	

### Contents

Directors' Report **2** Report on Corporate Governance **35** Auditors' Report **52** Balance Sheet **56**  
Statement of Profit and Loss **57** Cash Flow Statement **58** Notes on Financial Statement **59**  
Consolidated Auditors' Report **71** Consolidated Balance Sheet **74** Consolidated Statement of Profit & Loss **75**  
Consolidated Cash Flow Statement **76** Consolidated Notes on Financial Statement **77** Notice **90**

# DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the 13th Annual Report of the Company and the Annual Accounts for the year ended 31st March, 2017.

## WORKING RESULTS

(₹ in Lacs)

Financial Results	2017	2016
Net Sales/Income from operation (Net of Excise Duty)	61,673.14	66,997.01
Other Income	111.22	353.41
Profit before Interest, Depreciation and Tax	5,344.88	6,841.79
Less: Finance Cost	628.27	704.15
Profit before Depreciation & Tax	4,716.61	6,137.64
Less: Depreciation (including amortization)	1,685.09	1,755.23
Profit Before Tax	3,031.52	4,382.41
Tax Expenses	321.27	224.10
Profit After Tax	<b>2,710.25</b>	<b>4,158.30</b>

## OPERATIONAL REVIEW & STATE OF THE COMPANY'S AFFAIRS

Net sales for the year were lower by 8.63% over the previous financial year. Profit before Depreciation, Interest and Taxation (PBDIT) stood at ₹ 5,344.88 Lakh (previous year 6,841.78 Lakh). With depreciation (including amortisation) of Rs. 1,685.09 Lakh (previous year ₹ 1755.23 Lakh) and finance cost Rs. 628.27 Lakh (previous year 704.15 Lakh), Profit Before Tax and Profit after Tax stood at Rs. 3,031.52 Lakh and ₹ 2,710.25 Lakh respectively. Earnings per Share (EPS) is ₹ 3.33 for the Financial Year ended March 31, 2017.

There are no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year 2016-17 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.

## 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 ₹ 2,710.25/- lakh 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:

a. 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.
- 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.
- The directors have prepared the annual accounts on a going concern basis.
- 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.
- 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 2017-18. The ISIN No. of the Company is INE297H01019.

#### **CREDIT RATING**

Fitch India Ratings (hereinafter referred to as "Fitch") has affirmed 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, Firm Registration No. 324666E, were appointed as Auditors at the Tenth Annual General Meeting (AGM) of the Company held on 9th September, 2014 for a term of 3 years to hold office till the conclusion of the Thirteenth AGM. In terms of the provisions of the Companies Act, 2013, read with Rules made thereunder, no listed Company shall appoint an audit firm as Auditor for more than two consecutive terms of five years each and an audit firm which has completed its term shall not be eligible for reappointment as auditor in the same company. In view of the above, the term of M/s. A. K. Meharia & Associates as Auditors will come to an end at the conclusion of the 13th AGM. The Board of Directors, based on the recommendation of the Audit Committee, have proposed the appointment of M/s. ALPS & CO., Chartered Accountants (Firm Registration Number 313132E), 310, Todi Chambers, 2, Lalbazar Street, Kolkata - 700001, West Bengal as the Statutory Auditors of the Company in place of M/s. A. K. Meharia & Associates, to hold office from the conclusion of the ensuing AGM till the conclusion of the 18th AGM, subject to ratification of their appointment at every AGM, if so required under the Act. M/s. ALPS & CO., Chartered Accountants have consented to act as Auditors if appointed and have also confirmed that their appointment will be in accordance with Section 139 read with Section 141 of the Act.

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 2016-17. 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 2017-18.

#### **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.

The Board of Directors comprises of Eight Directors of which four are Independent Directors. In terms Section 152 of the Companies Act, 2013, Mr. Dinesh Kumar Raghubir Agarwal (DIN: 01017125) liable to retire by rotation at the ensuing Annual General Meeting and eligible for re-election.

#### **INSURANCE**

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

#### **APPOINTMENT OF MRS. RITU AGARWAL WIFE OF MR. SANDIP KUMAR AGARWAL (CFO) AS MARKETING EXECUTIVE EFFECTIVE FROM JANUARY 01, 2017**

Pursuant to the provisions of Section 188 of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the recommendation of the Audit Committee and Nomination & Remuneration Committee of the Board, Board of Directors have appointed Mrs. Ritu Agarwal wife of Mr. Sandip Kumar Agarwal, Chief Finance Officer as the Marketing Executive effective from January 01, 2017. Remuneration is at the rate of Rs. 50,000/- (Rupees Fifty Thousands only) per month from 1st day of January, 2017. However, the salary and increment as above may be modified or altered by the Managing Director considering work load, responsibilities, expertise and other factors subject to compliance with the requisite provisions of the Companies Act, 2013 and Rules made thereunder and other applicable laws.

However, in case the salary payable to Mrs. Ritu Agarwal exceeds Rs. 2,50,000 per month, it shall be approved by the shareholders of the Company as per Section 188 of the Companies Act, 2013 and Rules made thereunder. Mrs. Ritu Agarwal can use of car for Company's business, telephone and other communication facilities at residence/ other places, reimbursement of travelling, entertainment and all other expenses for the purpose of business incurred by her shall not be treated as perquisites. No commission shall be paid to her. She will be entitled to gratuity and encashment of leave as per rules of the Company. Perquisites and Allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

#### **APPOINTMENT OF MR. AKASH AGARWAL SON OF MR. DINESH KUMAR RAGHUBIR AGARWAL (WHOLE-TIME DIRECTOR) AS A SENIOR EXECUTIVE (MARKETING)**

Pursuant to the provisions of Section 188 of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the recommendation of the Audit Committee and Nomination & Remuneration Committee of the Board, Board of Directors have appointed Mr. Akash Agarwal Son of Mr. Dinesh Kumar Raghubir Agarwal, Whole-time Director as the Senior Executive (Marketing) effective from June 01, 2017. Remuneration is at the rate of Rs. 2,00,000/- (Rupees Two Lakhs only) per month from 1st day of June, 2017. Remuneration approved by the Board is as under:

Salary:-At the rate of Rs. 2,00,000/- (Rupees Two Lakhs only) per month from 1st June, 2017 in the scale of Rs. 2,00,000/- to 5,00,000/- with provision for annual increment of Rs. 5,000/- from the beginning of the Financial Year i. e. 01.04.2018.

Perquisites: - He will be entitled to reimbursement of medical expenses and leave travel concession for self and family, club fees & 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 travelling, entertainment and all other expenses for the purpose of business incurred by him shall not be treated as perquisites.

Commission: - No commission shall be paid.

Minimum Remuneration:- The above salary will be payable to Mr. Akash Agarwal even in case of loss or inadequacy of profits in respect of any financial year during his tenure of office in compliance with the Companies Act, 2013.

**Sitting Fees:** Mr. Akash Agarwal (not being Director) shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof (If his attendance is required).

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

**Perquisites and Allowances** shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

However, in case the salary payable to Mr. Akash Agarwal exceeds Rs. 2,50,000 per month, it shall be approved by the shareholders of the Company as per Section 188 of the Companies Act, 2013 and Rules made thereunder.

#### **INTERNAL COMPLAINT REGARDING SEXUAL HARASSMENT**

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.

#### **SHARE CAPITAL**

The paid up Equity Share Capital as at March 31, 2017 was Rs. 81.32 Crores comprising of 8,13,22,324 equity shares of Rs. 10 each. During the year under review, your Company has not issued any shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2017, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

#### **REVIEW OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES**

Pursuant to Section 129(3) of the Companies Act, 2013, the consolidated financial statements of the Company and its associate, prepared in accordance with the relevant Accounting Standard specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, form part of this Annual Report. Pursuant to the provisions of said section, a statement containing the salient features of the financial statements of the Company's subsidiaries, associates and joint ventures in Form AOC-1 is given in this Annual Report. Further, pursuant to the provisions of Section 136 of the Companies Act, 2013, the standalone and consolidated financial statements of the Company, along with relevant documents are available on the website of the Company [www.gallantt.com](http://www.gallantt.com). There are no material changes in the nature of the business of the Associate Company. Your Company has adopted a policy for determining material subsidiaries in terms of Regulation 16(1)(c) of the Listing Regulations. The policy as approved may be accessed on the Company's website at the link: [www.gallantt.com](http://www.gallantt.com) /Gallantt Metal

Limited/Policy on Material Subsidiary.

#### **COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

There were no changes in the Financial Year 2016-17.

#### **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 2017-18, 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**

Tenure of Mr. Prashant Jalan (DIN: 06619739) as a Whole-time Director (Director-Plant Operations) 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 was also approved by the shareholders of the Company at the last Annual General Meeting held on September 26, 2016.

#### **NUMBER OF MEETINGS OF BOARD AND AUDIT COMMITTEE HELD DURING THE YEAR 2016-2017**

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](http://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](http://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](http://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.

#### **SECRETARIAL AUDITORS**

Ms. Khushboo Goenka, Practising Company Secretary, having office address at 204, Ram Krishna Samadhi Road, 2nd Floor, Kolkata – 700054 has tendered resignation as Secretarial Auditors of the Company. Mr. Anurag Fatehpuria (Practicing Company Secretary Membership No. is ACS 34471 and Certificate of Practice No. is 12855) having office address at 23/1, Sita Nath Bose Lane, Salkia, Howrah-711101, West Bengal has been appointed Secretarial Auditors of the Company for conducting a secretarial audit of the company for the financial year 2016-17.

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 31.03.2017, 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](http://www.gallantt.com)

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

The Company had no subsidiary Company. Gallantt Ispat Limited is an Associate of the Company in which Company has substantial shareholding. Gallantt Ispat Limited has performed well during the Financial Year 2016-17.

During the year Revenue from Operations stood at Rs. 42,470.61 Lacs. Decrease in sales volume of Gallantt Ispat Limited in comparison to the last financial year was only due to the low demand specifically during the period starting from Demonetisation of Currency Notes. Standalone and Consolidated Net Profit of Gallantt Ispat stood at Rs. 4,424.70 Lacs and Rs. 5,743.38 Lacs respectively. Earnings per Share (EPS) stood at Rs. 15.68 (standalone) and Rs. 20.34 (consolidated) for the Financial Year ended March 31, 2017.

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 the annual report.

#### 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	6.91:1
Dinesh kumar Raghubir Agarwal	Whole-time Director	6.91:1
Prashant Jalan	Director (Plant-Operation)	2.37 : 1
Nitin M Kandoi	Non-executive Director	N.A.*
Jyotirindra Nath Dey	Independent Director	N.A.*
Mayank Daga	Independent Director (Appointed w.e.f. 08.08.2016)	N.A.*
Prasant Kankrania	Independent Director	N.A.*
Richa Bhartiya	Independent Director	N.A.*

\* Except sitting fees, no remuneration is paid to the Non-executive Directors.

(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	6.67
Dinesh Kumar Raghubir Agarwal	Whole-time Director	6.67
Prashant Jalan	Director (Plant Operation)	10
Nitin M Kandoi	Non-executive Director	N.A.*
Jyotirindra Nath Dey	Independent Director	N.A.*
Mayank Daga	Independent Director	N.A.*
Prasant Kankrania	(Appointed w.e.f. 08.08.2016)	N.A.*
Richa Bhartiya	Independent Director	N.A.*
Sandip Kumar Agarwal	Independent Director	7.23
Rajesh Upadhyaya	Chief Financial Officer	17.00

\* Except sitting fees, no remuneration is paid to the Non-executive Directors.

- (c) percentage increase in the median remuneration of employees in the financial year; 29.45%
- (d) number of permanent employees on the rolls of company; 946
- (e) explanation on the relationship between average increase in remuneration and company performance:  
The profit before tax for the financial year ended March 31, 2017 decreased by 30.82% and the profit after tax for the financial year ended March 31, 2017 decreased by 34.82% whereas the increase in median remuneration is 29.45%. 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 8.85%, whereas the profit before tax decreased by 30.82% and the profit after tax decreased by 34.82%.

- (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:  
4.63% (non-Managerial personnel) 24.30% (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	6.67	The profit before tax for the financial year ended March 31, 2017 decreased by 30.82% and the profit after tax for the financial year ended March 31, 2017 decreased by 34.82% whereas the increase in median remuneration is 29.45%. The average increase in median remuneration is in line with the performance of the company.
Dinesh kumar Raghubir Agarwal	Whole-time Director	6.67	
Prashant Jalan	Director (Plant Operation)	10.00	
Nitin M Kandoi	Director Non-Executive Director	NA	
Sandip Kumar Agarwal	Chief Financial Officer	7.23	
Rajesh Upadhyaya	Company Secretary	17.00	

- (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; 1:1.35 and 1:2.09
- (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 (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.