



GALLANT METAL LIMITED

Policy on Related Party Transactions

1. INTRODUCTION

The Board of Directors ("Board") of Gallantt Metal Limited ("Company") has adopted the following policy and procedures with regard to Related Party Transactions after considering the recommendations of the Audit Committee, and associated procedures with regard to Related Party Transactions, in line with the requirements of Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 ("SEBI LODR") as may be applicable to the Company. This Policy will be effective March 30, 2019.

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place in order to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company. This Policy specifically deals with the review and approval of material Related Party Transactions, keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

2. OBJECTIVE OF THE POLICY

This Policy is framed based on provisions of SEBI LODR and Companies Act, 2013 and is intended to ensure the governance and reporting of transactions between the Company and its Related Parties. The objective of this Policy is to set out:

- a) Materiality thresholds for Related Party Transactions; and
- b) The manner of dealing with the transactions between the Company and its Related Parties.

3. DEFINITIONS

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company under provisions of SEBI LODR and Companies Act, 2013, from time to time.

"Associate company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company and as definition amended from time to time.

"Board of Directors" or "Board" or "Directors" means the Board of Directors of Gallantt Metal Limited, as constituted from time to time.

"Company" means **Gallantt Metal Limited**

"Control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

“Key Managerial Personnel” or “Key Management Personnel” : "Key Managerial Personnel", means— (i) the Chief Executive Officer or the Managing Director or the manager; (ii) the Company Secretary;

(iii) the Whole-Time Director;

(iv) the Chief Financial Officer; and

(v) such other officer as may be prescribed under the Companies Act, 2013 and Rules thereunder.

“Material Related Party Transaction(s)”: A transaction with a related party shall be considered to be material if the transaction(s) to be entered into individually or taken together with previous transaction(s) during a financial year exceeds the higher of:

(a) ten percent of the consolidated annual turnover of the Company; or

(b) twenty percent of the net worth of the company as per the last audited financial statements of the company.

“Policy” means Policy on Related Party Transactions.

“Related Party(ies)” means a person or entity that is related to the Company. Parties are related if one party has the ability to control the other party or exercise significant influence over the other party directly or in directly in making the financial and/or operating decisions and includes:

i. a Director or his Relative;

ii. a Key Managerial Personnel or his Relative;

iii. a Firm, in which a Director, Manager or his relative is a partner;

iv. a Private Company in which a Director or Manager is a Member or Director;

v. a Public Company in which a Director or Manager is a Director or holds along with his relatives, more than two per cent of its paid-up share capital;

vi. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

vii. any person on whose advice, directions or instructions a director or manager is accustomed to act;

viii. any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

ix. any company which is—

a) a holding, subsidiary or an associate company of the Company; or

b) a subsidiary of a holding company to which the Company is also a subsidiary;

Such other persons as may be prescribed under the Companies Act, 2013 or as defined under the applicable accounting standards.

“Related Party Transaction”, means transfer of resources, services or obligations between the Company and a Related Party, regardless of whether price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, as defined under Regulation 2 (1) (zc) of the SEBI LODR and/or transactions as defined under section 188 of the Companies Act, 2013.

“Relative”, with reference to any person, means anyone who is related to another, if— i. they are members of a Hindu Undivided Family;

ii. they are husband and wife; or

iii. one person is related to the other in such manner as may be prescribed, which is as follows:

- (a) Father (including step-father)
- (b) Mother (including step-mother)
- (c) Son (including step-son)
- (d) Son’s wife
- (e) Daughter
- (f) Daughter’s husband
- (g) Brother (including step-brother)
- (h) Sister (including step-sister)

“Senior Management Personnel”, for the purpose of this Policy means the CMD/Chief Executive Officer of the Company and his/her direct reportees and members as defined pursuant to Section 178 of the Companies Act 2013 and Regulation 16 of SEBI Listing Obligation and Disclosure Requirement (LODR) Regulations 2013 including amendments thereof.

“Significant Influence” is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.

4. Identification of Potential Related Party Transactions

Each Director /Key Managerial Personnel/ Senior Management Personnel is responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and/or the Board.

The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Company has to receive such notice of any potential Related Party Transaction well in advance to place it before the Audit Committee, so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

Where, owing to business exigencies, Related Party transactions that are in the ordinary course of business and/or on arm's length basis, have been entered into without prior approval by the Audit Committee, the details of such transactions shall be put up for ratification/approval of the Audit Committee at the first Audit Committee Meeting scheduled after entering into such transactions. The Audit Committee may ratify such transactions or cancel the said transactions at their discretion.

4.1. Review of Related Party Transactions

Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction specifically mentioned in **Annexure 1**, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

4.2. Considerations for Approval of Related Party Transactions

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ii. Whether there are any undue compelling business reasons or exigency for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iii. Whether the Related Party Transaction would affect the independence of the directors/KMP;
- iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- v. Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- vi. Compare existing contracts/agreements (if any) and its terms with one or more identical or similar transactions and compare the market terms known for such similar transactions.
- vii. Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

If a Related Party Transaction will be ongoing, the Audit Committee may establish guidelines for the management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee shall periodically review and assess ongoing relationships with the Related Party. Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under this Policy shall also be subject to subsequent review under this Policy.

Overall framework of Approval for Related Party Transactions Level 1 - Audit committee Approval

All Related Party Transactions shall be referred to the Audit Committee for prior approval.

Level 2 - Board Approval

All Related Party Transactions as approved by the Audit Committee may be noted by the Board and the Related Party Transaction that are not in ordinary course of business and/or not on arm's length basis are mandatorily required to be approved by the Board at a duly constituted meeting.

Level 3 – Shareholder's Approval

i) Material Related Party Transaction:

Every Material Related Party Transactions shall require approval of the shareholders and the Related Parties shall not vote to approve the relevant transaction

However, the Material Related Party Transactions entered between the Company and its wholly owned subsidiaries, whose accounts are consolidated with the Company and placed before the general meeting for approval of shareholders, shall not require prior approval of shareholders as stipulated under Regulation 23(5) of SEBI LODR and Section 188 of the Companies Act 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

ii) Transactions other than Material Related Party Transactions:

All transactions, other than the Material Related Party Transactions, which are not in the ordinary course of business and/or not at Arms' Length Basis except Related Party Transactions entered between the Company and its wholly owned subsidiaries, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval of shareholders shall require the prior approval of the shareholders on exceeding the following limits and the Related Parties shall not vote to approve the relevant transaction.

- (i) Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the Company or rupees one hundred crore, whichever is lower;
- (ii) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of the net worth of the Company or rupees one hundred crore, whichever is lower;
- (iii) Leasing of property of any kind amounting to ten percent of the net worth of the Company or ten percent or more of the turnover of the Company or rupees one hundred crore, whichever is lower,
- (iv) Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the Company or rupees fifty crore, whichever is lower.
- (v) Appointment of Related Party to any office or place of profit in the Company, its subsidiary Company or associate company at a monthly remuneration exceeding two and a half lakh rupees.
- (vi) Remuneration for underwriting the subscription of any securities or derivatives thereof, exceeding one percent of the net worth of the Company.

4.3. Standing Pre-Approval / Omnibus approval by Audit Committee

In the case of frequent / regular / repetitive transactions which are in the normal/Ordinary course of business of the Company, the Audit Committee may grant standing pre-approval / omnibus approval. While granting such approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company and/or the Related Party Transactions that are repetitive in nature. The omnibus approval shall specify the following:

- a. Name of the Related Party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the Related Party Transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. The Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

5. EXCEPTIONS

Notwithstanding the foregoing, the following Related Party Transactions shall not require specific approval of the Audit Committee:

- (a) Any transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval
- (b) Any transaction involving the providing of compensation to a Director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, and in line with the terms of Appointment
- (c) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

6. DEVIATIONS

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

7. DISCLOSURE

The Company shall disclose the Policy on dealing with Related Party Transactions on its website and provide web link in the Annual Report. In addition to the disclosures required under Accounting Standards, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company.

The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

8. AMENDMENTS AND UPDATES

The Audit Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate. In addition to guidelines for ongoing Related Party Transactions, the Audit Committee may, as it deems appropriate and reasonable, establish from time to time guidelines regarding the review of other Related Party Transactions. The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. The policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

9. INTERPRETATION

Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, SEBI LODR, Accounting Standards or any other relevant legislation / law applicable to the Company.

This Policy is framed based on the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 188 of Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014. In case of any subsequent changes in the provisions of the aforementioned statutes, the statutes would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law. Any subsequent amendment/modification in SEBI LODR, Act and/or applicable laws in this regard shall automatically apply to this Policy. This Policy shall be reviewed by the Audit Committee periodically and/or if any changes are to be incorporated in the Policy due to change in regulations as may be deemed appropriate by the Audit Committee.

The policy shall also be uploaded on the website of the Company at www.gallantt.com.



ANNEXURE 1

INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION):

1. Name of the Related Party and nature of relationship;
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
8. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.
9. Applicable statutory provisions, if any;
10. Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities;
11. Justification as to the arm's length nature of the proposed transaction;
12. Declaration whether the transaction is in the ordinary course of business;
13. Persons / authority approving the transaction; and
14. Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction.
