

# Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

## CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance ensures high standards of transparency, accountability, ethical operating practices, professional management thereby enhancing shareholders' value and protecting the interest of the stakeholders such as depositors, creditors, customers, suppliers and employees. Good Corporate Governance practices stem from the culture and mindset of the organization and at Gallantt Metal it is an ongoing process and the Company continuously strives to improve upon its practices in line with the changing demands of the business environment. It is our endeavor to achieve highest standards and provide oversight and guidance to management in strategy implementation and risk management and fulfillment of goals and objectives. This chapter reports and confirms that your Company complies with the requirements on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, the details of which are given hereunder :

### I. BOARD OF DIRECTORS

The Company has a well profiled Board with varied management expertise. The Board's role, functions, responsibility and accountability are known to them due to their vast experience. The Board provides and critically evaluates strategic direction of the Company, management

policies and their effectiveness. Their main function is to ensure that long-term interests of the stakeholders are being served.

### SIZE AND COMPOSITION OF THE BOARD

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Board is balanced comprising Executive and Non-Executive Directors. The Non-Executive Directors include independent professionals. The Board has strength of Six Directors as on 31st March, 2012. Our Board of Directors has Three Independent Directors.

During the financial year ended 31st March, 2012 Eleven meetings of the Board were held on 6th April, 2011, 25th April, 2011, 27th May, 2011, 15th July, 2011, 11th August, 2011, 6th September, 2011, 11th November, 2011, 29th December, 2011, 13th February, 2012, 20th February, 2012 and 29th March, 2012. The maximum time gap between any two consecutive meetings did not exceed four months. The details regarding the attendance of Directors at the Board Meetings, Number of other Directorships and Committee positions held by them in other Companies as on 31st March, 2012 are given below:

Name & Designation of the Directors	Category/ Position	Last Annual General Meeting Attended	No. of Board Meetings Attended out of 11 meetings held during the year	No. of Other Directorships	Committee Positions held	
					Chairman	Member
Mr. Chandra Prakash Agarwal Chairman & Managing Director	Executive/ Promoter	Yes	10	1	Nil	Nil
Mr. Nitin M Kandoi Director	Non-Executive Promoter	No	6	1	Nil	Nil
Mr. Dinesh R. Agarwal Whole-time Director	Executive/ Promoter	No	7	2	Nil	Nil
Mr. Jyotirindra Nath Dey	Non-Executive/ Independent	Yes	11	2	1	2
Mr. Rajesh Kumar Jain	Non-Executive/ Independent	No	6	1	1	2
Mr. Virendra Kumar Keshari	Non-Executive/ Independent	Yes	10	1	1	2
Mr. Prasant Kankrania	Non-Executive/ Independent	No	1	Nil	Nil	Nil

# Report on Corporate Governance

## Notes :

- Mr. Virendra Kumar Keshari, Mr. Rajesh Kumar Jain, Mr. Jyotirindra Nath Dey and Mr. Prasant Kankrania have been considered as Independent Directors as they do not have any material pecuniary relationship or transactions with the Company, its promoters, its management, etc. which in judgment of the Board, may affect independence of their judgment. Further, Mr. Virendra Kumar Keshari has resigned from the Directorship of the Company and Mr. Prasant Kankrania has been introduced in the Board as a Non-Executive Independent Director.
- Other Directorships of only Indian Public Limited Companies have been considered.
- Committee positions of only 3 committees namely Audit Committee, Share Transfer and Investors'/Shareholders' Grievance Committee and Remuneration Committee have been considered.
- The Company placed before the Board of Directors the annual operating plans, capital budgets, the information on recruitment and remuneration of senior officers just below the board level, performance and various other information, including those specified under Annexure I of the Listing Agreement from time to time.

## CHANGES IN COMPOSITION OF THE BOARD OF DIRECTORS SINCE LAST REPORT :

Mr. Virendra Kumar Keshari has resigned from the Board of the Company with effect from 13th February, 2012. Further, Mr. Prasant Kankrania has been appointed as Additional Director of the Company at Board Meeting held on March 29, 2012.

## APPOINTMENT AND REAPPOINTMENT OF DIRECTOR :

The brief particulars of the Directors of the Company proposed to be appointed and re-appointed at the ensuing Annual General Meeting are as under :

(a)

Name of the Director	Mr. Nitin M Kandoi
Date of Birth	21.07.1972
Date of Appointment	07.02.2005 (Since Incorporation)
Qualifications	B.Com(H)
Experience	Mr. Nitin M Kandoi, a promoter Director of the Company having experience of 17 years in the steel industry, is a Commerce Graduate from Mumbai University. Mr. Kandoi was involved in the operations of the steel manufacturing facility of Gallantt Udyog Limited (formerly Govind Mills Limited) since 1995. He was involved in setting up of the operations of our Company and has been instrumental in the implementation of technological advances made in the manufacturing processes of our Company.  During this period and under his Directorship, the Company has completed and achieved various targets and plans and the Company achieved higher levels of growth. His expertise in the steel and power businesses has been instrumental in contributing to the growth of the Company.
Directorship in other Companies	1. Gallantt Ispat Limited
Membership/Chairmanship of Committees of the other public companies on which he is a Director	NIL
No. of Shares held in the Company	10,500

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(b)

Name of the Director	Mr. Prasant Kankrania
Date of Birth	23.07.1986
Date of Appointment	29.03.2012
Qualifications	B.Com(H), Chartered Accountants
Experience	Mr. Prasant Kankrania is a Commerce Graduate from Calcutta University and a qualified Chartered Accountant. He possesses rich experience over 3 years of in the field of Accounts, Finance, Taxation, Auditing and Corporate Affairs. He has handled number of issues pertaining to above areas.
Directorship in other Companies	NIL
Membership/Chairmanship of Committees of the other public companies on which he is a Director	NIL
No. of Shares held in the Company	NIL

### CODE OF CONDUCT :

The code of conduct in line with the provisions of clause 49 of the Listing Agreement has been framed/adopted by the Board and is applicable to all the members of the Board and Senior Management Executives. This Code forms an integral part of the Company's Governance Policy. The Code has been posted on the web site of the Company [www.gallantt.com](http://www.gallantt.com). Declaration of compliance of the Code of Conduct in terms of sub clause (ii) of clause 49(I)(D) of listing agreement is given hereunder :

"The Board of Directors of Gallantt Metal Limited has pursuant to sub clause (i) of Clause 49 (I) D of the Listing Agreement laid down Code of Conduct for all Board members and senior managerial personnel of the Company which has also been posted on the website of the Company, viz. [www.gallantt.com](http://www.gallantt.com)

In terms of sub-clause (ii) of the said clause and as per 'affirmation of compliance' letters received from the Directors and the members of senior managerial personnel of the Company, I hereby declare that Directors and the members of senior management of the Company have complied with the Code of Conduct during the financial year 2011-12".

Place : Kolkata  
Date : August 11, 2012

**Chandra Prakash Agarwal**  
*Chairman and Managing Director*

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## II. COMMITTEES OF THE BOARD

### AUDIT COMMITTEE

In line with the statutory provisions of Listing Agreement entered into with Stock Exchanges read with Section 292A of the Companies Act, 1956 and as a measure of good Corporate Governance with a view to provide assistance to the Board in fulfilling its oversight responsibilities, an Audit Committee of the Directors was constituted. All the Members of the Committee are Independent Directors and every Member has rich experience in the financial sector. The Company Secretary acts as Secretary to the Committee. Statutory Auditors, Internal Auditors and Senior Management Personnel of the Company can also attend the meetings by invitation. The recommendations of the Audit Committee are placed before the Board for its consideration and approval.

During the year ended 31st March, 2012, the Audit Committee comprised of Mr. Virendra Kumar Keshari, an Independent Director, as the Chairman, Mr. Jyotirindra Nath Dey and Mr. Rajesh Kumar Jain all independent Directors as Members. Mr. Rajesh Upadhyaya, Company Secretary acts as the Secretary to the Committee.

Effective from February 13, 2012, Mr. Virendra Kumar Keshari relinquished Chairmanship of the Audit Committee (as resigned from the Board). Mr. Prasant Kankrania, Non-Executive Independent Director, has been appointed as Chairman of the Committee.

Mr. Virendra Kumar Keshari, then Chairman of the Audit Committee attended the last Annual General Meeting held on 28th September, 2011.

The Committee, in addition to other business reviews the quarterly (unaudited) financial results, annual accounts, before submitting to the Board of Directors. During the year 2011-12, seven meetings were held on 27th May, 2011, 15th July, 2011, 11th August, 2011, 6th September, 2011, 11th November, 2011, 13th February, 2012 and 29th March, 2012.

The constitution of the committee and the attendance of each member of the committee are given below :

Name	Designation	Category	Committee Meeting Attended
Mr. V. K. Keshari*	Chairman	Independent	6
Mr. J. N. Dey	Member	Independent	7
Mr. R. K. Jain	Member	Independent	7
Mr. P. Kankrania**	Chairman	Independent	1

\*Resigned from the Committee with effect from 13th February, 2012.

\*\*Mr. Prasant Kankrania has been appointed as a Chairman with effect from 29th March, 2012.

### REMUNERATION COMMITTEE :

During the year ended 31st March, 2012, the Remuneration Committee comprised of Mr. Jyotirindra Nath Dey, an Independent Director, as the Chairman and Mr. Virendra Kumar Keshari and Mr. Rajesh Kumar Jain all independent Directors as Members. Mr. Rajesh Upadhyaya, Company Secretary acts as the Secretary to the Committee.

Effective from February 13, 2012, Mr. Virendra Kumar Keshari relinquished Membership of the Remuneration Committee (as resigned from the Board). Mr. Prasant Kankrania, Non-Executive Independent Director, has been appointed as a Member of the Committee.

The Remuneration Committee was constituted to discharge the Board's responsibilities relating to compensation of the Company's executive directors and senior management. During the year 2011-12, one meeting of the Remuneration Committee was held on 29th March, 2012.

The constitution of the committee and the attendance of each member of the committee are given below :

Name	Designation	Category	Committee Meeting Attended
Mr. J. N. Dey	Chairman	Independent	1
Mr. P. Kankrania	Member	Independent	1
Mr. R. K. Jain	Member	Independent	1

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## Remuneration of Directors

### (a) Executive Directors (Managing / Whole-time Directors)

The aggregate value of salary and perquisites paid for the year ended 31st March, 2012 to Managing/Whole-time Directors are as follows :

Name	Designation	Aggregate Value of Salary & Perquisites (₹)
Mr. Chandra Prakash Agarwal	Managing Director	13,20,000/-
Mr. Dinesh R. Agarwal	Whole-time Director	13,20,000/-

The Remuneration to the Executive Directors is determined by the Remuneration Committee within the statutory limit subject to the approval of shareholders of the Company. As per the agreement entered into with the Executive Directors there is no provision for severance fees to the Directors on termination of the employment. Further, the Company has not yet introduced any stock option to its Directors/Employees. The Executive Directors is under a contract period of 5 years.

### (b) Non-Executive Directors

The Company has not paid any remuneration to Non-executive Directors other than sitting fees for attending the meetings of the Board and Committees of the Board of Directors of the Company. The Company pays sitting fees of ₹ 500/- to its Non-executive Directors for attending the meeting of the Board of Directors or Committees of the Board.

## SHARE TRANSFER & SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

During the year ended 31st March, 2012, the Share Transfer & Shareholders/Investors Grievance Committee comprised of Mr. Rajesh Kumar Jain, an Independent Director, as the Chairman and Mr. Virendra Kumar Keshari and Mr. Jyotindra Nath Dey all independent Directors as Members. Mr. Rajesh Upadhyaya, Company Secretary acts as the Secretary to the Committee and also as the Compliance Officer.

Effective from February 13, 2012, Mr. Virendra Kumar Keshari relinquished Membership of the Share Transfer & Shareholders/Investors Grievance Committee (as resigned from the Board). Mr. Prasant Kankrania, Non-Executive Independent Director, has been appointed as a Member of the Committee.

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also looks into redressal of shareholders'/investors' complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

A status report of shareholder complaints and redressal thereof is prepared and placed before the Share Transfer & Shareholders/Investors Grievance Committee. The shareholders/investors can register shares related complaints, if any, in the e-mail Id rajesh@gallantt.com designated exclusively for the purpose.

During the year 2011-12, one meeting of the Share Transfer & Shareholders/Investors Grievance Committee was held on March 29, 2012.

## III. SUBSIDIARY COMPANY

Company has no Subsidiary Company(s).

## IV. DISCLOSURES :

- There were no materially significant related party transactions i. e. transactions of the Company of material nature, which its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. The related party transactions are duly disclosed in the "Notes on Accounts" to the Balance Sheet.
- There were no cases of non-compliance by the Company and no penalties / strictures imposed on the Company by any statutory authority on any matter.

# Report on Corporate Governance

## General Body Meetings :

Location and time of last 3 Annual General Meetings are as under :

Year	Venue	Date	Time
2011	Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, 4th Floor, Kolkata - 700 017	28.09.2011	11.30 A. M.
2010	EZCC, 'Aikatan', IA - 290, Sector - III, Salt Lake City, Kolkata - 700 097.	24.09.2010	11.30 A.M.
2009	EZCC, 'Aikatan', IA - 290, Sector - III, Salt Lake City, Kolkata - 700 097.	23.09.2009	12.00 Noon

## Details of Resolutions passed through Postal Ballot

No resolution has been passed by the Company through postal ballot during the year under report.

## Compliance Certificate

Compliance Certificate for Corporate Governance from the Auditors of the Company is annexed herewith.

## Means of Communication

In accordance with Clause 54 of the Listing Agreement, the Company has maintained a functional website at [www.gallantt.com](http://www.gallantt.com) containing basic information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc. The contents of the said website are updated from time to time.

The Quarterly, half yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are also published in the prescribed format within 48 hours of the conclusion of the meetings of the Board in which they are considered and approved, in one English newspaper circulating in the whole or substantially the whole of India and in one vernacular newspaper of West Bengal. These results are simultaneously posted on the website of the Company at [www.gallantt.com](http://www.gallantt.com)

## Management Discussion & Analysis Report

The Management Discussion and Analysis Report forms part of the Annual Report.

## Compliance Officer

The Board has designated Mr. Rajesh Upadhyaya, Company Secretary as the Compliance Officer.

Address : 1, Crooked Lane, Second Floor, Room Nos. 222 & 223, Kolkata - 700 069.

Tel :- +91-33-40642189, Telefax :- +91-33-22312429.

## GENERAL SHAREHOLDER INFORMATION

- |                                    |  |
|------------------------------------|--|
| 1. Date, Time and Venue of 8th AGM | Tuesday, 25th September, 2012 at 1.30 P.M. at RABINDRA OKARURA BHAVAN, DD-27/A/1, Sector - 1, DD Block, Salt Lake City, Kolkata - 700 091. |
| 2. Financial Calender              | 1st April to 31st March  |
| 3. Dates of book closure           | 19th September, 2012 to 25th September, 2012   |
| 4. Listing on stock exchanges      | Bombay Stock Exchange Ltd. (BSE)<br>National Stock Exchange of India Ltd. (NSE)  |
| 5. Listing fees for 2012-13        | Paid for both the Stock Exchanges  |
| 6. Electronic Connectivity         | National Securities Depository Ltd. (NSDL) &<br>Central Depository Services (India) Ltd.   |
| 7. Registered Office               | 1, Crooked Lane, Second Floor, Room Nos. 222 & 223, Kolkata- 700 069.<br>Tel: +91-33-4064 2189;<br>Fax: +91-33-2231 2429                   |

## Report on Corporate Governance

### 8. Works Office

Website : gallantt.com

E-mail : rajesh@gallantt .com

Near Toll Gate, Village- Kamakhali, Taluka-Bachau, District- Kutch, Gujarat.

Tel : +91-283728 3689, Telefax: +91-2837-283 555/557

### 9. Registrar and Share transfer agent

Share transfers in physical form and other communication regarding share Transfer, certificates, dividends, change of address, etc. may be addressed to :

NICHE TECHNOLOGIES PVT. LTD.

D-511, Bagree Market, 71, B.R.B. Basu Road, Kolkata - 700 001

Phone Nos. : +91-33-22156823

Fax No. : +91-33-22156823

Contact Person : Mr. S. Abbas

E-mail:nichetechpl@nichetechpl.com

Web-site : www. nichetechpl.com

### 10. Stock Market Data

Monthly high and low quotations of shares traded on Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited for the Year 2011-12.

(Amount in ₹)

Year 2011-12	BSE		NSE	
	High	Low	High	Low
April	21.50	17.70	21.90	17.25
May	19.65	16.65	19.50	16.50
June	18.50	15.55	18.10	15.25
July	17.70	15.80	17.65	15.25
August	18.35	13.80	19.00	12.55
September	17.90	14.15	17.80	14.10
October	30.50	17.00	30.55	16.80
November	36.95	19.10	37.10	19.15
December	22.85	16.35	23.10	16.40
January	22.70	17.40	22.10	17.65
February	20.40	17.75	20.40	17.40
March	19.20	15.55	19.50	16.20

### 11. Share Transfer System

Shares sent for transfer in physical form are normally registered by our Registrar and Share Transfer Agents within 15 days of receipt of the documents, if documents are found in order. Share under objection are returned within two weeks.

### 12. Dematerialisation of Shares and Liquidity

The Shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both NSDL and CDSL 99.999% of Equity Shares have been dematerialized as on 31st March, 2012.

### 13. Stock Code

Bombay Stock Exchange Limited

532726

National Stock Exchange of India Limited

GALLANTT

## Report on Corporate Governance

### 14. Distribution of Shareholding

The distribution of shareholding as on 31st March, 2012 was as follows

No. of Shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	5,924	73.32	12,23,349	1.50
501-1,000	1,030	12.75	8,95,002	1.10
1,001-5,000	809	10.01	18,95,812	2.33
5,001-10,000	125	1.55	9,63,784	1.19
10,001-50,000	120	1.48	28,77,476	3.54
50,001-1,00,000	25	0.31	19,72,296	2.42
1,00,001 and Above	47	0.58	7,14,94,605	87.92
<b>TOTAL</b>	<b>8,080</b>	<b>100</b>	<b>8,13,22,324</b>	<b>100</b>

Categories of shareholding as on 31st March, 2012

Category (as Gallantt Metal reports to stock exchanges)	Shares Holdings	% of Total
<b>PROMOTERS' HOLDING :</b>		
Promoters	4,14,53,017	50.97
<b>Total Promoters' Holding</b>	<b>4,14,53,017</b>	<b>50.97</b>
<b>PUBLIC SHAREHOLDING :</b>		
<b>Institutional Investors</b>		
Financial Institution Investor	50,00,000	6.15
<b>Others</b>		
Bodies Corporate	2,15,41,366	26.49
Individuals	97,72,430	12.02
NRI/OCBs	6,95,912	0.85
Trust	5,000	0.01
Clearing Memb/Clearing Cor (Demat shares in transit)	28,54,599	3.51
<b>Total Public Shareholding</b>	<b>3,98,69,307</b>	<b>49.03</b>
<b>GRAND TOTAL</b>	<b>8,13,22,324</b>	<b>100</b>

### 15. Investor's Correspondence

For investor matters :

Rajesh Upadhyaya

Company Secretary and Compliance Officer

Secretarial Department

Gallantt Metal Limited

1, Crooked Lane, Second Floor, Room Nos. 222 & 223, Kolkata-700 069 (W.B.)

Tel. : +91-33-4064 2189, Telefax : +91-33-2231 2429

### ADOPTION OF NON-MANDATORY REQUIREMENTS

Except constitution of Remuneration Committee, the Company has so far not implemented other Non-Mandatory requirements of the Code of Corporate Governance.



# Report on Corporate Governance

## AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by Gallantt Metal Limited for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company had complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that there are no investor grievances pending against the Company for the period exceeding one month as at 31st March, 2012 as per the records maintained by the Registrar and Transfer Agent of the Company and presented to the Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Chartered Accountants

**A. K. Meharia**

Partner

Membership No. 53918

Place : Kolkata

Date : 11.08. 2012

## CEO/CFO CERTIFICATION

The Board of Director

Gallantt Metal Limited

1, Crooked Lane, Second Floor,

Room Nos. 222 & 223, Kolkata - 700 069.

Re: Financial Statements for the Financial year 2011-12 - Certificate by MD and Manager Accounts & Finance

We, Chandra Prakash Agarwal, Managing Director and Mr. Rajesh Upadhyaya, Manager Accounts & Finance and Company Secretary, of Gallantt Metal Limited on the review of financial statements and cash flow statement for the year ended 31st March, 2012 and to the best of my knowledge and belief, hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2012 which are fraudulent illegal or violative of Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls, for financial reporting, we have evaluated the effectiveness of the internal control systems of the company pertaining the financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or purpose to take rectify these deficiencies.
5. We have indicated to the Auditors & the Audit Committee:
  - (i) there have been no significant changes in internal control over financial reporting during the period.
  - (ii) there have been no significant changes in accounting policies during the period.
  - (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Kolkata

August 11, 2012

**Rajesh Upadhyaya**

Manager Accounts & Finance  
and Company Secretary

**Chandra Prakash Agarwal**

Managing Director