GALLANTT

GIL/KOL/2021-22
March 31, 2022

The Manager - Listing Bombay Stock Exchange Limited Floor 25, P J Towers, Dalal Street, Mumbai - 400 001 INDIA Scrip Code: 533265	The Manager - Listing National Stock Exchange of India Limited "EXCHANGE PLAZA", Bandra – Kurla Complex, Bandra (East), Mumbai - 400 051 INDIA Scrip Code: GALLISPAT

Sir/Madam,

SUB: OUTCOME OF THE BOARD MEETING – THURSDAY, 31ST MARCH, 2022 – MEETING OF THE BOARD COMMENCED AT 4:00 P.M. AND CONCLUDED AT 4:40 P.M.

The Board of Directors at their meeting held on today, the 31st March, 2022, inter alia has decided and approved following important businesses:

1. **ADOPTION OF THE AMENDED POLICY ON RELATED PARTY TRANSACTION AND TAKING ON RECORD THE AMENDMENTS IN RELATED PARTY TRANSACTION DISCLOSURE OBLIGATIONS UNDER REGULATION 23 OF THE SEBI (LODR) REGULATIONS, 2015**

A copy of the amended policy on Related Party Transaction is enclosed herewith for your reference.

Thanking you,

Yours faithfully,
For GALLANTT ISPAT LIMITED
GALLANTT ISPAT LIMITED

Company Secretary
Nitesh Kumar
(CS & COMPLIANCE OFFICER)
M. No. F7496

Encl: As above

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Policy on Related Party Transactions

1. INTRODUCTION

The Board of Directors ("Board") of Gallantt Ispat 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 and amended from time to time. This Policy will be effective from April 01, 2022.

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.

Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of the SEBI (LODR) Regulations, 2015 ("Regulation 23"). Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of the SEBI Listing Regulations requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In the light of the above, the Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, such policy shall be reviewed by the Audit Committee and recommend

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the changes to the Board of Directors at least once in every 3 (Three) years or as per the discretion of the audit committee as per amendments made in the Companies Act, 2013 and Listing Regulations and will updated accordingly.

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 Ispat Limited, as constituted from time to time.

"Company" means **Gallantt Ispat 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.

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"Ordinary course of Business" means a transaction which is:-

i. Carried out in the normal course of business envisaged in accordance with Memorandum of Association of the Company as amended from time to time;
ii. Historical practice with a pattern of frequency; or
iii. Common commercial practice; or
iv. Meets any other parameters/criteria as decided by Board/Audit Committee.

"Material Related Party Transaction" means a transaction with the Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 Crore or ten percent of the Annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower.

"Material Modification" will mean and include any modification to an existing related party transaction having variance of 10% of the existing limit as sanctioned by the Audit Committee/Board/Shareholders as the case may be.

"Policy" means Policy on Related Party Transactions.

"Related Party" means Related Party as defined under Section 2(76) of the Companies Act, 2013 read with Rule 3 of Companies (Specification of Definitions Details) Rules, 2014, and Regulation 2(1)(zb) of the Listing Regulations and/ or under the applicable accounting standards, as amended from time to time which has a wider scope for identification of Related Party.

"Related Party Transaction" shall have the same meaning as defined under Regulation 2(1)(zc) of the Listing Regulations.

"Relative" means relative as defined under Section 2(77) of the Companies Act, 2013, as amended from time to time.

"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.

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"Significant Influence" for the purposes of this Policy means the power to participate in the financial and operating policy decisions of an entity as defined under Section 2(6) of the Companies Act, 2013.

4. PROVISIONS IN RESPECT OF RELATED PARTY TRANSACTIONS

1. The company shall not enter into any transaction/contract/arrangement or any subsequent modification thereof with a related party without the prior approval of the Audit Committee unless the transaction/contract/ arrangement/ modification enjoys any exemption as provided under the Companies Act, 2013 or rules made there under or under the SEBI Listing Regulations.

2. The Audit Committee may grant Omnibus Approval for related party transaction proposed to be entered into by the company, subject to the conditions as stated under Regulation 23(3) of SEBI Regulations, 2015.

3. In the event of any contract or arrangement with the related party is not in the ordinary course of business or not at Arm's Length, the company shall comply with the provisions of the Companies Act, 2013 and the rules made there under and obtain approval of the Board or its Shareholders' as applicable, for such transaction/ contract/arrangement/modification.

4. All material related party transactions and any subsequent material modification as defined earlier shall require prior approval of the shareholders through Ordinary Resolution. However, prior approval of the shareholders of the company shall not be required for such cases as may be prescribed under SEBI (LODR) Regulations,2015 as amended or as notified by any regulatory authority.

The explanatory Statement for this purpose of such resolution should contain the particulars as stated under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.

5. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations and section 188 of the Companies Act,2013 read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 as amended from time to time requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the all the related parties

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shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

The Company has fixed its materiality threshold limit as follows:

Nature of Transactions	**Materiality as per Companies Act, 2013 (A)**	**Materiality as per SEBI LODR (B)**	**Material Modification as per SEBI LODR) (C)**
Sale, purchase or supply of any goods or materials directly or through appointment of agents	Exceeding 10% of Turnover or Rs. 100 Crores, whichever is lower	All transactions with one party exceeding 10% of the annual consolidated turnover	All transactions with one party having variance of 10% of the existing limit.
Buying, selling or disposing of property of any kind directly or through appointment of agents	Exceeding 10% of Net worth or Rs. 100 Crores, whichever is lower		
Leasing of any kind of property	Exceeding 10% of Net worth or 10% of Turnover or Rs. 100 Crores, whichever is lower		
Availing or rendering of any services directly or through appointment of agents	Exceeding 10% of Turnover or Rs. 50 Crores, whichever is lower		
Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration Exceeding Rs. 2,50,000		
Remuneration for underwriting the subscription of any securities in or derivatives thereof	Exceeding 1% of net worth		
Transfer of resources (e.g. loans and			

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advances, interest thereon, guarantees)			
Transaction involving payments made to a related party with respect to brand usage or royalty		Transactions with one party exceeding 2% of the annual consolidated turnover	

Here, Net worth and turnover would be as per Audited Accounts of the preceding financial year and the Company has defined Material RPTs on the basis the thresholds defined in the Companies Act 2013 and Regulation 23 of the SEBI (LODR) Regulations,2015.

6. 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.

7. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

Approval by Audit Committee:

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I) All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

a) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which-shall include the following namely:

i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
ii. The maximum value per transaction which can be allowed;
iii. extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval
iv. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
v. transactions which cannot be subject to the omnibus approval by the Audit Committee;

b) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -

i. repetitiveness of the transactions (in past or in future);
ii. justification for the need of omnibus approval

c) The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company;

d) The omnibus approval shall provide details of

i. Type, material terms and particulars of the proposed transaction;
ii. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
iii. Tenure of the proposed transaction (particular tenure shall be specified);
iv. Value of the proposed transaction;
v. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary,

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such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);

vi. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:

1) details of the source of funds in connection with the proposed transaction;
2) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
   - Nature of indebtedness;
   - Cost of funds; and
   - Tenure;
3) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
4) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

vii. Justification as to why the RPT is in the interest of the listed entity;

viii. a copy of the valuation or other external party report, if any such report has been relied upon;

ix. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

x. Any other information that may be relevant.

Provided that where the need for related party transactions cannot be foreseen and aforesaid details are not available, Audit committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees 1 crore per transaction.

e) The Audit committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the Company pursuant to the omnibus approval given;

f) Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year;

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g) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company;

h) Any other conditions as the Audit committee may deem fit;

i) The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in the policy.

j) Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

1. Transactions which are not at arm's length or not in the ordinary course of business;
2. Transactions which are not repetitive in nature;
3. Transactions exceeding materiality thresholds as laid down in this policy;
4. Transactions in respect of selling or disposing of the undertaking of the Company
5. Financial transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties
6. Any other transaction the Audit Committee may deem not fit for omnibus approval.

Approval by members in General Meeting/through postal Ballot:

a) All the transactions with related parties exceeding the materiality thresholds, laid down in Materiality Threshold Limit as specified in the Policy, are placed before the shareholders for approval.

b) For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not. However, this condition shall not apply in respect of a resolution plan approved u/s 31 of the Insolvency and Bankruptcy Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

c) All kinds of transactions specified under Section 188 of the Act which

- are not at Arm's Length or not in the ordinary course of business; and

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- exceed the thresholds laid down in Companies (Meetings of Board and its powers) Rules, 2014 are placed before the shareholders for its approval.

d) However, the requirement of shareholders' approval shall not be applicable for transactions entered into between the company and its Wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

e) The transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

f) At the time of taking the approval of members, the company is required to disclose certain items in the Explanatory statement u/s 101 of the Companies Act, 2013 and shall contain all the particulars as specified in Rule 15 of the Companies (Meeting of Board and Its powers) Rules, 2014 and details given in Para 6 of SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November, 2021, as amended from time to time.

8. DISCLOSURES

The Company shall disclose the following: -

1. In the Board's report, transactions prescribed in Section 188(1) as specified in Form AOC-2, if required;
2. In Corporate Governance Report which is required to be submitted to the Stock exchange on Quarterly Basis;
3. The company shall disclose the Transactions with Related Party to the Stock Exchange on half yearly basis in prescribed format to the Stock Exchange as prescribed under Reg. 23(9) of the SEBI (LODR) Regulations, 2015 and the same shall be hosted on the website of the company;
4. The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report;
5. In the Annual Report as prescribed in Schedule V of the SEBI (LODR) Regulations, 2015;
6. The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this

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policy applies and such register is placed/taken note of before the meeting of the Board of directors.

9. REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Committee and recommend the changes to the Board of Directors at least once in every 3 (Three) years and updated accordingly due to any regulatory amendments or otherwise and shall be binding on the concerned Directors, KMPs and Senior Management Persons in the manner described as above.

The Policy is Reviewed and Amended by the Audit Committee and thereafter by the Board of Directors at their meeting held on 31st March,2022 and came into force w.e.f. 01.04.2022.

10. 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***

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