

GIL/KOL/2020-21
Date: 24.11.2020

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

Sub: Observation letter regarding the Draft Composite Scheme of Amalgamation ('The scheme') of Gallantt Metal Limited (GML), Gallantt Ispat Limited (GIL), AAR Commercial Company Limited (AAR), Hipoline Commerce Private Limited (Hipoline), Lexi Exports Private Limited (Lexi) and Richie Credit and Finance Private Limited (Richie) and slump sale of power plant undertaking of GIL to GML

This is to inform you that we have received observation letter from National Stock Exchange of India Limited regarding the draft composite Scheme of Amalgamation of Gallantt Ispat Limited, AAR Commercial Company Limited, Hipoline Commerce Private Limited, Lexi Exports Private Limited and Richie Credit and Finance Private Limited with Gallantt Metal Limited under Sections 230-234 of the Companies Act, 2013 and slump sale.

Copy of observation letter is enclosed herewith for your record.

Thanking You,

Yours faithfully,

For **GALLANTT ISPAT LIMITED**

GALLANTT ISPAT LTD.



Company Secretary

Nitesh Kumar

COMPANY SECRETARY

Encl: As above

GALLANTT ISPAT LIMITED

Registered Office : "GALLANTT HOUSE", 1-7, Jangpura Extension, New Delhi -110 014

Telefax : 011-41645392, E-mail : gil@gallantt.com, Website : www.gallantt.com

Factory : AL-5, Sector-23, Sahjanwa, District - Gorakhpur, Uttar Pradesh

Corporate Office: 1, Crooked Lane, Second Floor, Room Nos. 222 & 223, Kolkata - 700069 Tel: 033-46004831

Corporate Identification No.: L27109DL2005PLC350523

National Stock Exchange Of India Limited

Ref: NSE/LIST/23240_II

November 23, 2020

The Company Secretary
Gallantt Ispat Limited
Gallantt House, I-7, Jungpura Extension,
New Delhi- 110014

Kind Attn.: Mr. Nitesh Kumar

Dear Sir,

Sub: Observation Letter for the Draft Composite Scheme of Amalgamation and Slump Sale between Gallantt Ispat Limited, AAR Commercial Company Limited, Hipoline Commerce Private limited, Lexi Exports Private Limited, Richie Credit and Finance Private Limited and Gallantt Metal Limited and their respective shareholders and creditors

We are in receipt of the Draft Composite Scheme of Amalgamation and Slump Sale ('the Scheme'), between Gallantt Ispat Limited (Transferor Company 1/ GIL), AAR Commercial Company Limited (Transferor Company 2/ AAR), Hipoline Commerce Private limited (Transferor Company 3/ Hipoline), Lexi Exports Private Limited (Transferor Company 4/ Lexi) and Richie credit and Finance Private Limited (Transferor Company 5/ Richie) with Gallantt Metal Limited (Transferee Company/ GML) and their respective shareholders and creditors vide application dated February 20, 2020.

Based on our letter reference no Ref: NSE/LIST/23240_I submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), kindly find following comments on the draft scheme:

- a. *The Company shall disclose to Hon'ble National Company Law Tribunal (NCLT) that Reserve Bank of India ('RBI') was requested to provide their comments on Non- Banking Financial Companies (NBFC) registered with RBI namely Hipoline, Lexi and Richie. However, till date, RBI has not provided any comments to SEBI.*
- b. *The Companies involved in the scheme are advised to separately and prominently disclose the following information/facts to the shareholders:*
 - i. *For valuation of the NBFCs involved in the scheme (i.e Hipoline, Lexi and Richie), only one method (i.e. asset approach) has been used and other methods such as Market Approach and Income Approach were not used.*
 - ii. *Further, valuation of the NBFCs has been calculated after revaluing the investment made by the aforesaid NBFCs in GML/GIL/AAR.*
 - iii. *Pursuant to the scheme, the unsecured loan given by Lexi and Richie of Rs. 37.7 lacs and Rs. 33.6 Lacs respectively to Ganesh Laxmi Processors Private Limited (GLPPL)*

Signer: Jiten Bharat Patel
Date: Mon, Nov 23, 2020 21:44:44 IST
Location: NSE

wherein Shri Dinesh Agarwal is a Director (he is a Director on GML as well) shall be transferred in the balance sheet of GML.

- iv. GML, GIL and AAR shall separately disclose to the shareholders and Hon'ble NCLT regarding details including break-up of the following secured and unsecured loans:

	GML	GIL	AAR
Unsecured Loans as on December 31, 2019 (In Rs Lacs)	7368	4808	0
Secured Loans as on December 31, 2019 (In Rs Lacs)	4000	20680	1657

- v. As per the swap ratio mentioned in the scheme, a person holding 1 share (Rs.6.02*) in AAR would receive 5 shares (Rs. 159) in GML implying that a shareholder in AAR for Rs.6.02 would receive Rs. 159.
- c. The Company shall ensure that suitable disclosure about the latest financials of the companies involved in the Scheme being not more than 6 months old is done before filing the same with the Hon'ble NCLT.
- d. The Company shall ensure that the proposed scheme is acted upon only if approved by the NCLT and if the majority votes cast by the public shareholders are in favour of the proposal.
- e. The Company shall ensure that the additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, from the date of the receipt of this letter, is displayed on the website of the listed company.
- f. The Company shall duly comply with various provisions of the Circular.
- g. The Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before NCLT and the company is obliged to bring the observations to the notice of NCLT.
- h. It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/ observations/ representations.

* Calculation based on the share price observed between 12:05 to 12:10 PM checked on BSE website.

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It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/ representations.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the Scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No-objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from November 23, 2020 within which the scheme shall be submitted to NCLT.

Yours faithfully,
For National Stock Exchange of India Limited

Jiten Patel
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm

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