

GML/KOL/2020-21

Date: 12-11-2020

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| The Manager Bombay Stock Exchange Limited Floor 25, P J Towers, Dalal Street, Mumbai- 400 001 INDIA Scrip Code: 532726 | The Manager National Stock Exchange of India Limited "EXCHANGE PLAZA", Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051 INDIA Symbol: GALLANTT |
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Dear 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 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 METAL LIMITED**

GALLANTT METAL LIMITED



Company Secretary

Arnab Banerji

COMPANY SECRETARY**Encl: As above****GALLANTT METAL LIMITED**

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Works : Near Toll Gate Village - Samakhlyali, Taluka-Bhachau, Kutch - Gujrat, Tel.: 91 98 795 60878, Fax : +91 2837 283690

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

Telefax : 011-45048767, E-mail: gml@gallantt.com, Website : www.gallantt.com

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

Corporate Identification No. : L27109DL2005PLC350524

DCS/AMAL/JR/R37/1838/2020-21

“E-Letter”

November 12, 2020

The Company Secretary,
Gallantt Metal Limited
GALLANTT HOUSE, I-7, Jungpura Extension,
New Delhi, Delhi, 110014

Sir,

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.

We are in receipt of the Draft Composite Scheme of Amalgamation by Gallantt Metal Limited filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated November 12, 2020 has inter alia given the following comment(s) on the draft Composite Scheme of Amalgamation:

- “Company shall ensure to 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.”
- “Company shall ensure to 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) 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 breakup of the following secured and unsecured Loans:

| | GML | GIL | AAR |
|--|------|--------|------|
| Secured Loans as on December 31, 2019 (In Rs Lacs) | 7368 | 4808 | 0 |
| Unsecured Loans as on December 31, 2019 (In Rs Lacs) | 4000 | 20,680 | 1657 |

- v) As per the swap ratio mentioned in the scheme, a person holding 1 share (Rs 6.02¹) in AAR would receive 5 shares (Rs 159) in GML implying that a shareholder in AAR for Rs 6.02 would receive Rs 159.

¹ Calculated based on the shares price observed between 12:05 to 12:10 PM, checked on BSE website

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Company Secretary

- “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.”
- “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.”
- “Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges.”
- “Company shall duly comply with various provisions of the Circular.”
- “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.”
- “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.”

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon’ble NCLT.

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 company involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its ‘No adverse observation’ 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 Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order

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passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,

sd/-

Nitinkumar Pujari
Senior Manager

GALLANTT METAL LIMITED

ABanerji
Company Secretary

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