

GML/KOL/2017-18
December 30, 2017

Bombay Stock Exchange Limited Floor 25, P J Towers, Dalal Street, Mumbai- 400 001. INDIA.	National Stock Exchange of India Limited "EXCHANGE PLAZA"; Bandra – Kurla Complex, Bandra (East), Mumbai- 400 051. INDIA.
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Dear Sir/Madam,

SUB: DISCLOSURE UNDER REGULATION 30 OF THE SEBI (LODR) REGULATIONS, 2015

REF: Order of National Stock Exchange Limited in the matter of Gallantt Metal Limited

This is with reference to Securities and Exchange Board of India ("SEBI") order bearing no. SEBI/HO/ISD/OW/P/2017/18183 dated August 07, 2017 whereby name of our Company was included amongst the list of suspected "331 Shell Companies" and shares of the Company were shifted to Graded Surveillance Measures (GSM) VI category with effect from August 08, 2017. As a result of such order the shares of the Company are restrictly traded since August 08, 2017.

In the interest of the investors the Company on November 23, 2017 has preferred an Appeal before the Honorable Securities Appellate Tribunal ("SAT") to set aside the order of SEBI as above and to normalize the trading in shares of the Company.

In this regard, the Honorable SAT after hearing the appeal on November 29, 2017 has disposed off the appeal by directing National Stock Exchange (NSE) to pass appropriate order within a period of **six weeks** from November 29, 2017 and the appeal as above was disposed of by Honorable SAT.

During this period of six weeks an Independent Auditor appointed by NSE submitted its report on December 01, 2017 making few observations all of which were satisfactorily addressed by the Company. On December 15, 2017 NSE also granted an opportunity of personal hearing to the Company where the representatives of the Company submitted their representations and successfully answered to some queries raised by the Exchange officials.

Since SEBI vide its letter bearing no. SEBI/HO/ISD/OW/P/2017/26891 dated November 02, 2017 has delegated powers to stock exchanges to perform direct fact finding exercise and dispose of the representations received by them directly from the Company,

GALLANTT METAL LTD

GALLANTT METAL LIMITED

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Corporate Identification No. : L27109WB2005PLC101553


Company Secretary

NSE based on such powers conferred to it by SEBI has revoked the actions envisaged in SEBI's letter dated August 07, 2017 and the consequential actions taken by National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) against **Gallantt Metal Limited, its promoters and directors.**

Company no longer falls under the list of suspected "Shell Companies" and shares of the Company will be shifted from Graded Surveillance Measures (GSM) VI category and trading in shares will be normalized w.e.f. January 01, 2018.

Company would like to thank the investors, shareholders and customers for their continued support and the confidence that they have reposed in the Company during this period.

We have also enclosed herewith the Order of NSE and circulars issued by both stock exchanges i.e. NSE and BSE.

This is for your record and information

Thanking you,

Yours faithfully,

GALLANTT METAL LIMITED

GALLANTT METAL LTD


Company Secretary

Rajesh Upadhyaya
(CS & COMPLIANCE OFFICER)

Encl: As above

BEFORE THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Under Chapter IV, Clause 16 of Bye laws of National Stock Exchange of India Limited in the matter of Gallantt Metal Limited

Background of the case:

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") was in receipt of a letter no. F. No. 03/73/2017-CL-II dated June 9, 2017 from the Ministry of Corporate Affairs (hereinafter referred to as "MCA") vide which MCA had annexed a list of 331 shell companies for initiating necessary action as per SEBI laws and regulations.
2. In the interest of investors, SEBI, vide its letter dated August 7, 2017, took the pre-emptive interim measures under section 11(1) of SEBI Act in respect of listed shell companies including *Gallantt Metal Limited*. SEBI directed stock exchanges to place trading restrictions on promoters/directors so that they do not exit the company at the cost of innocent shareholders and place the scrip in the 'trade to trade' category with limitation on the frequency of trades and imposed a limitation on the buyers by way of 200% deposit on the trade value, so as to alert them on trading in the scrip. The said measures were directed by SEBI pending final determination after verification of credentials and fundamentals by the stock exchanges, including by way of audit and forensic audit, if necessary. The measures also envisaged, delisting of companies from the stock exchange, if warranted. By virtue of these measures, trading in the scrip was not suspended but allowed under strict monitoring so that investors could take informed investment decisions till stock exchanges complete their detailed examination of such companies.
3. Pursuant to the above, National Stock Exchange of India Limited (NSE), vide notice dated August 7, 2017, addressed to all its market participants, initiated actions envisaged in the SEBI letter dated August 7, 2017 in respect of all the listed companies including *Gallantt Metal Limited* communicated by SEBI, with effect from August 8, 2017.
4. On August 9, 2017, SEBI further advised NSE to submit a report after seeking auditor's certificate, from all such listed companies, providing the status of certain aspects of the company like company's compliance with Companies Act, whether company is a going concern, its business model, status of compliance with listing



requirements, etc.

5. Pursuant to the above, NSE, sent an e-mail/letter dated August 9, 2017 to all the companies including *Gallantt Metal Limited* requesting to submit auditor's certificate giving following information:-
 - a. Status of filing its annual income tax return for last three years and status of any pending disputes with Income Tax Department, if any.
 - b. Status of company's compliance with all requirements of Companies Act and annual returns filing during last three years.
 - c. Whether Company is going concern and description of its business model. Bank Statements of last one year with active/dormant status.
 - d. Status of Company with respect of default to any bank/financial institution.
 - e. Status of Company's compliance with all the listing regulation requirements for a period of last three years.
6. The Company filed its reply to NSE vide its letter dated August 16, 2017 and stated as under:-
 - a. The auditor has certified that the Company has filed Income Tax returns for the last three years for 2013-14, 2014-15 and 2015-16. The auditor has stated that the company has filed appeal against the additional income assessed by Income tax for the year 2013-14 before CIT(A)-III, Lucknow which is pending for disposal.
 - b. The Company is in compliance with the requirements of the Companies Act, 2013 and annual return filing during last three years.
 - c. The Company is a going concern and is engaged in manufacturing of various Steel products viz., Sponge Iron, Billets, TMT Bars under the brand name "GALLANTT" and other similar products.
 - d. The Company has not in default to any Bank / Financial institution.
 - e. The Company is regular in Compliance with the Listing Regulations requirement for the period of last three years.
7. An opportunity of personal hearing was granted to *Gallantt Metal Limited* on September 11, 2017 wherein its authorized representative Mr. Sandip Kumar Agarwal , Chief Finance Officer & Mr. Arnab Banerjee, Secretarial Executive appeared and made submissions in line with its written representations on record:-
 - a. The company has captured a substantial market of Sponge Iron, M.S., Billets, Re-Rolled products (TMT bars) in the state of Gujarat and Rajasthan.
 - b. An amount of Rs.174.80 crores was sanctioned and disbursed to the company by State Bank of India and other consortium member banks which was due to be repaid by 2016; but company has repaid the entire loan well in advance in



- 2014; thus making the group debt free except for the working capital loan.
- c. Presently company is utilizing cash credit limits from time to time based on its business requirement and have been regular in payment of interest and other financial cost to the Bank. The Company has never defaulted in repayment of loan or payment of interest.
 - d. The performance of the company has been robust even during the slump and consistent in generating revenue from operations.
 - e. The company has made all statutory dues such as Excise duty, VAT, Entry Tax, Electricity, and Railway Freight to the Government department for preceding three years.
 - f. With respect to 2015-16 ITR, company has electronically filed the same on 30.09.2016. Notice u/s 143(2) had been received on 08.08.2017 and the assessment proceedings are under process.
8. Based on the above submission made by the company, NSE vide its report dated September 12, 2017 submitted a report to SEBI.
 9. SEBI vide its letter dated November 2, 2017 further directed stock exchanges to dispose of the representations received by them directly from the company (other than cases where The Hon'ble SAT has directed SEBI to dispose of the representations) in terms of Bye-laws and statutory powers conferred upon them.
 10. Pursuant to the above communication receive from SEBI, an Independent Auditor viz., M/s. JMR & Associates, Chartered Accountant was appointed on November 22, 2017 to examine and offer observations/comments on the following:
 - a. Whether the financial statement reflect a genuine business model, possible misrepresentation.
 - b. Whether from the financial accounts and auditor's comments company is going concern.
 - c. Whether cash flow statement and bank statement show any fudging.
 - d. Comment on high value transactions reflecting in bank statements and its relevance to the business of the company.
 - e. Whether any "Window Dressing"/ "Creative Accounting" appears in financial statements.
 - f. Comment on utilization of funds, especially investments in subsidiaries or productive assets, inter corporate deposits, raising of funds through bank borrowings, debt securities or any other manner.
 - g. Comments on Related party transaction disclosed in Annual Report.
 - h. Whether bank account of the company shows possible round tripping of funds or accommodation transactions.



- i. Comment on shareholding pattern - Promoter holding, public shareholding, number of such shareholders and their relationship with promoter and promoter group if any, whether the company is promoter driven or professionally managed.
 - j. Background checks of the company/ directors/ promoters based on public information.
 - k. Observations on the disclosure made under Management Discussion Analysis
 - l. Observation of change in Board of Directors and KMPs'.
 - m. Whether there are any capital work in progress and its developments over last three years.
 - n. Observation on any abnormal variation in line items in financial statements
11. The independent auditor, M/s. JMR & Associates, Chartered Accountant has submitted its report on December 01, 2017. Salient observations having impact on financial fundamentals are given below:-
- a. The company is a going concern and it seems that the Company has no indicators of situations or factors which may cast a significant doubt on the fundamental assumption of Going concern.
 - b. We did not come across any instances of Window dressing / creative accounting during the course of our financial review.
 - c. We have noticed that the Company has not made any fresh investment during the last three financial years. The company has not given any inter corporate deposits nor has the Company raised any funds through Debt Securities in any of the preceding three financial year. However, the Company has financed its working capital requirements by availing Short Term Loans from various banks.
12. An opportunity of personal hearing was granted to Gallantt Metal Limited on December 15, 2017 when it's authorized representative Mr. Sandip Kumar Agarwal, Chief Finance Officer & Mr. Rajesh Upadhyay, Company Secretary appeared. In the hearing, the Exchange officials inquired about the following issues pointed out by the Independent auditor in their audit report –
- a. Details of transactions mentioned in bank statements as INB reversal

Company Reply:

Company is availing working capital facilities from State Bank of India (SBI) to the tune Of Rs.178.80 Crores. Out of this sanctioned limits, State Bank of India has provided the Company with facilities of E-Vendor Financing (E-VF). Under the E-VF facilities, Company makes payment to the vendor or suppliers from this account on line. Payment made by the Company out of EVF account is adjusted by the bank through Cash Credit Limit account (CC Account) maintained with the



State Bank of India. It means State Bank of India debit the CC Account by the amount so paid out of EVF account on the requested date and bank interest is charged by the bank accordingly.

While the payment is debited from CC account by the Bank mentioned, it shows as INB reversal under narration.

Company has submitted a copy of the Loan sanction letter issued by bank.

b. Clarification on payments to Varsanna Ispat Ltd.

Company Reply:

Company is in the practice of buying and procuring raw materials from the open market to cater the needs of production. Often it happens that the purchase department of the Company concludes purchases of raw materials and the other spares from a single party in one or more than one tranches in a single day. Payments to Varsanna Ispat Ltd. was towards purchase of M.S. Billets till the date of 16.5.2016 paid through two cheques i.e. one for Rs. One Crore and another for Rs. 99,93,167/-.

c. Payment made to treasury office mentioned in State Bank of India statement

Company Reply:

Wherever payment to treasury office appears in the bank statements, it is related to the payment made towards sales tax. (Payment made on 22.07.2016 Rs. 1,51,25,000/- towards VAT).

Company have submitted receipts of the payments.

d. Payment made to Trade Finance mentioned in Bank Statement

Company Reply:

Wherever payment to trade finance appears in bank statement, it is related to payment made towards Buyers' credit.

Date	Amount	Items	Party Name
22.07.2016	11,11,20,110	Steam Coal	Adani Global Pte Ltd
17.01.2017	32,88,28,237	Scrap	Euro Scrap Alliance BV
10.02.2017	21,28,56,147	Scrap	Schnitzer Steel Industries INC



- e. Huge amount of cheque and cash withdrawal seen in bank statement

Company Reply:

As Mentioned in State Bank of India Bank statement Cheque withdrawal which is not the cash withdrawal, the same is for payment made through cheque and account of beneficiary is also in same bank i.e in State Bank of India and cheque amount is being transfered to their account. Payment made on 28.07.2016 Rs. 1,03,19,909/- to Paschim Gujarat Vijli Company Ltd.

Company has submitted Electricity payment Receipt.

- f. Details of trasactions with NMDC Ltd.

Company Reply:

NMDC Ltd. is a Government undertaking company from whom company purchased Iron Ore. Towards the purchase of iron ore company have to make advance payment in lump sum. After completion of transaction company refund amount whatever balance with them.

- g. Reason for purchase of Demand drafts on regular basis.

Company Reply:

Demand Draft worth Rs. 2,71,11,000/- was purchased on 29.08.2016 against payment of freight for transportation of iron ore from NMDC, Bacheli to Vizag port and further movement through sea route to Kandla Port. Wherever Demand draft issued appeared in the bank statement, it realates to payment of freight to railway.

- h. Purpose of transactions with Shree Surbhi Flour Mills Pvt. Ltd.

Company Reply:

Company has taken short term unsecured loan to the tune of Rs. 2 Crores only form Shree Surbhi Flour Mills Pvt. Ltd. Company has repaid in full said facilities with interest to them.

- i. High value cash withdrawal in last one year

Company Reply:

State Bank of India Corporate accounts Group Branch (SBI CAG) -
Narration showing as cheque withdrawn in bank statement of STATE BANK OF INDIA Corporate accounts Group Branch (SBI CAG) is mainly payment to the



parties/suppliers who have supplied materials, goods or services to the company. These parties are also maintaining bank accounts with STATE BANK OF INDIA and payments have gone to them into their STATE BANK OF INDIA bank account through cheque transfer. Such payments are being shown as cheque withdrawal, in fact, these transactions are not cash withdrawal but payments to the parties through cheque transfer. Whenever we make payments to these parties through cheque and payments go into their State Bank of India bank account, it shows cheque transfer.

Company has submitted challan/invoice of few parties to whom payments have been made but bank account narration is mentioned as cheque withdrawal.

State Bank of India, Samakhyali Branch -

Cash withdrawal from State Bank of India, Samakhyali Branch if for the purpose of meeting the day to day ordinary and general expenses of the plants and payments of wages to the workmen of the factory. After demonetisation and cashless regime of government of India, Company have started paying wages through banking channels to most of the workmen.

Company have submitted month wise cash withdrawal from both the above bank accounts

13. In view of Independent auditor's report and documentation and explanations provided by *Gallantt Metal Limited* during the hearing and in its replies in respect of all the queries, I do not find any prima facie evidence nor suspicion of misrepresentation of financials/business of the company nor misuse of books of accounts / funds of the company nor violation of LODR Regulations.
14. In the absence of prima facie evidence / suspicion regarding misrepresentation by the company, misuse of the books of accounts / funds of the company or violation of LODR Regulations, there is no reasonable ground to further verify the financials of the Company warranting a forensic audit. I am, therefore, of the considered view that the actions envisaged in SEBI's letter dated August 7, 2017 against *Gallantt Metal Limited* are liable to be revoked.



ORDER

15. SEBI vide letter reference SEBI/HO/ISD/ISD/OW/P/2017/26891 dated November 02, 2017 has delegated powers to stock exchanges to perform direct fact finding exercise and dispose of the representations received by them directly from the company.

In the facts and circumstances of the case, I exercise the powers given by SEBI vide letter reference SEBI/HO/ISD/ISD/OW/P/2017/26891 dated November 02, 2017, hereby, revoke the actions envisaged in SEBI's letter dated August 07, 2017 and the consequential actions taken by National Stock Exchange of India Limited against *Gallantt Metal Limited*, its promoters and directors.

16. Accordingly the representation of *Gallantt Metal Limited* is disposed of.
17. Copy of this order shall be forwarded to the SEBI along with report of Independent Auditor and written / oral submissions of the company.
18. Depositories shall be informed of this order for their action and record.

Sd/-

DATE: 29 December 2017
PLACE: Mumbai

Dr. V R Narasimhan
Chief of Regulatory
National Stock Exchange of India Limited



NATIONAL STOCK EXCHANGE OF INDIA LIMITED**DEPARTMENT : SURVEILLANCE****Download Ref. No.: NSE/SURV/ 36631****Date: December 29, 2017****Circular Ref. No.:- 209/2017**

To All NSE Members

Sub: List of securities moving out of Graded Surveillance Measure (GSM)

This has reference to exchange Circular No. NSE/SURV/35548 dated August 07, 2017, w.r.t. Gallantt Metal Limited (SYMBOL: GALLANTT)

In the facts and circumstances of the case, the exchange hereby revokes the actions envisaged in SEBI's letter dated August 07, 2017 and the consequential action taken by stock exchanges against Gallantt Metal Limited, its promoters and directors. The trading in securities of the company shall be reverted to the status as it stood prior to issuance of SEBI letter dated August 07, 2017.

The series and price band for the security with effect from January 01, 2018 shall be as under:

Sr. No	Symbol	Series	Security Name	Price Band
1	GALLANTT	EQ	Gallantt Metal Limited	20

In case of any further queries, members are requested to contact the following officials: Mr. Siddhant Gupta (Extn: 22404), Mr. Sareesh Koroth (Extn: 23053), Ms. Vibha Kallianpur (Extn: 25455); Direct No: 022-26598129/8166

For National Stock Exchange of India Limited

Avishkar Naik
Assistant Vice President
Surveillance



NOTICES

Notice No.	20171229-30	Notice Date	29 Dec 2017
Category	Trading	Segment	Equity
Subject	SEBI directions w.r.t. listed Shell Companies – Update on 2 Companies		
Content			

Sub: SEBI directions w.r.t. listed Shell Companies – Update on 2 Companies.

This is w.r.t. Exchange Notice no. 20170807-31 dated August 07, 2017 w.r.t. the company viz. Gallant Ispat Limited (Scrip Code – 533265) & Gallant Metal Limited (Scrip Code – 532726).

In pursuance of the NSE Circular ref. no.- 208/2017 (Download ref. no:- NSE/SURV/36630) & 209/2017 (Download ref. no:- NSE/SURV/36631) dated December 29, 2017, the Exchange hereby, revokes the actions envisaged in SEBI's letter dated August 07, 2017 and the consequential actions taken by Stock Exchanges against the aforementioned 2 companies and its promoters and directors. The trading in securities of these 2 Companies shall be reverted to their status as it stood prior to issuance of SEBI letter dated August 07, 2017, effective from January 01, 2018 as follows:-

Sr. no.	Scrip Code	Scrip Name	Group	Price Band
1.	533265	Gallant Ispat Limited	B	20
2.	532726	Gallant Metal Limited	B	20

All market participants are requested to take note of the above.

For & On behalf of BSE Ltd.

Usha Sharma
Addl. General Manager
Surveillance

Rajesh Gandhi
Asst. General Manager
Surveillance

December 29, 2017

