



# Intelligent Money Managers Private Limited

Category 1 Merchant Banker  
SEBI Regn No. INM000012169

CIN: U65923WB2010PTC156220  
Website : www.imoney.co.in

## FAIRNESS OPINION

## SCHEME OF ARRANGEMENT

UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013

BETWEEN

GALLANTT ISPAT LIMITED (TRANSFEROR COMPANY - 1)

AND

AAR COMMERCIAL COMPANY LIMITED (TRANSFEROR COMPANY - 2)

AND

HIPOLINE COMMERCE PRIVATE LIMITED (TRANSFEROR COMPANY - 3)

AND

LEXI EXPORTS PRIVATE LIMITED (TRANSFEROR COMPANY - 4)

AND

RICHE CREDIT AND FINANCE PRIVATE LIMITED (TRANSFEROR COMPANY - 5)

AND

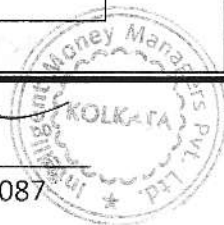
GALLANTT METAL LIMITED (TRANSFeree COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

To,

<p>The Board of Directors Gallantt Metal Limited "GALLANTT HOUSE", I-7, Jangpura Extension, New Delhi -100014</p>	<p>The Board of Directors Gallantt Ispat Limited "GALLANTT HOUSE", I-7, Jangpura Extension, New Delhi -100014</p>	<p>The Board of Directors AAR Commercial Company Limited "GALLANTT HOUSE", I-7, Jangpura Extension, New Delhi -100014</p>
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<b>The Board of Directors</b> <b>Hipoline Commerce Private Limited</b> 1, Crooked Lane, Second Floor, Room Nos. 222 & 223, Kolkata - 700069	<b>The Board of Directors</b> <b>Lexi Exports Private Limited</b> 207, Maharshi Devendra Road, First Floor, Room No.27, Kolkata – 700007	<b>The Board of Directors</b> <b>Richie Credit and Finance Private Limited</b> 207, Maharshi Devendra Road, First Floor, Room No. 27, Kolkata – 700007
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Dear Sirs,

**Re: 'Fairness Opinion' on proposed 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**

We, Intelligent Money Managers Private Limited (hereinafter "IMM"), refer to our discussions on the captioned matter of providing Fairness Opinion Certificate to yourselves in connection with the Amalgamation of **Gallantt Ispat Limited** (hereinafter "Transferor Company-1", "GIL"), **AAR Commercial Company Limited** (hereinafter "Transferor Company-2", "AAR"), **Hipoline Commerce Private Limited** (hereinafter "Transferor Company-3", "HIPOLINE"), **Lexi Exports Private Limited** (hereinafter "Transferor Company-4", "LEXI") and **Richie Credit and Finance Private Limited** (hereinafter "Transferor Company-5", "RICHIE"), jointly ("the Transferor Companies") with **Gallantt Metal Limited** (hereinafter "Transferee Company", "GML").

### 1. PURPOSE

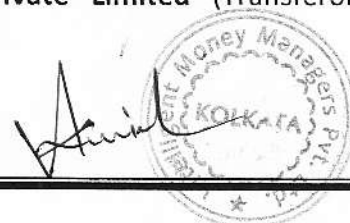
This Fairness Opinion Certificate has been issued pursuant to section 230 to 232 and other provisions of Companies Act, 2013 and Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

### 2. MERCHANT BANKER: INTELLIGENT MONEY MANAGERS PRIVATE LIMITED (IMM)

IMM is a Category - 1 Merchant Banker bearing SEBI Registration Number INM000012169. Its Registered Office is situated at YMCA Building, 2<sup>nd</sup> floor, 25, Jawaharlal Nehru Road, Kolkata - 700 087.

### 3. RATIONALE OF THE SCHEME

The Scheme of Amalgamation provides for the amalgamation of **Gallantt Ispat Limited** (Transferor Company-1), **AAR Commercial Company Limited** (Transferor Company-2), **Hipoline Commerce Private Limited** (Transferor Company-3), **Lexi Exports Private Limited** (Transferor Company-4) and **Richie Credit and Finance Private Limited** (Transferor



Company-5) with **Gallantt Metal Limited** (Transferee Company) pursuant to Sections 230 to 232 and other provisions of the Companies Act, 2013.

A brief background of each of the aforesaid companies is as under:-

- A. **Gallantt Ispat Limited** (CIN: L27109DL2005PLC350523) is a listed public limited company incorporated under the Companies Act, 1956 having its registered office at "GALLANTT HOUSE", I-7, Jangpura Extension, New Delhi – 100014. The Transferee Company is primarily engaged in the business of Iron, Steel, Power, Real Estate and Agro. GIL's production facilities are located at "GALLANTT ESTATE", Sector-23, Gorakhpur Industrial Development Authority, Sahjanwa, Gorakhpur, Uttar Pradesh – 273209. The equity shares of GIL are listed on BSE Limited and National Stock Exchange of India Limited.

At present, the GIL is engaged in the manufacturing of Sponge Iron, Mild steel billets, Re-Rolled products (TMT bars) and running a Modern Roller Flour Mill unit.

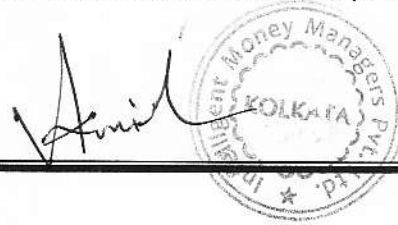
Gallantt Ispat Limited is the Promoter Company of the Gallantt Metal Limited and is holding 48.53% of the issued, subscribed and paid up share capital of the Gallantt Metal Limited.

The share capital of Gallantt Ispat Limited as on March 31, 2019 is as under:

Particulars	Amount (in INR)
<b>Authorized:</b>	
49,88,50,000 Equity shares of INR 1/- each	49,88,50,000/-
<b>Total ::</b>	<b>49,88,50,000/-</b>
<b>Issued, Subscribed and Paid-up:</b>	
28,23,60,720 Equity Shares of INR 1/- each	28,23,60,720/-
<b>Total ::</b>	<b>28,23,60,720/-</b>

- B. **AAR Commercial Company Limited** (CIN: L63090DL1982PLC354818) is a listed public limited company incorporated under the Companies Act, 1956 having its registered office at I-7, Jangpura Extension, New Delhi-110014, India. Presently the Company is engaged in the business of investing in Industrial Enterprises and advancing of loan and investments as permitted by the Memorandum of Association of the Company but not carrying out Banking activities. The equity shares of AAR are listed on BSE Limited and the Calcutta Stock Exchange Limited.

AAR Commercial Company Limited is holding 17.62% of the issued, subscribed and paid up share capital of the Gallantt Ispat Limited.



The share capital of AAR Commercial Company Limited as on March 31, 2019 is as under:

Particulars	Amount (in INR)
<b>Authorized:</b>	
1,24,50,000 Equity shares of INR 10/- each	12,45,00,000/-
<b>Total ::</b>	<b>12,45,00,000/-</b>
<b>Issued, Subscribed and Paid-up:</b>	
1,00,14,000 Equity Shares of INR 10/- each	10,01,40,000/-
<b>Total ::</b>	<b>10,01,40,000/-</b>

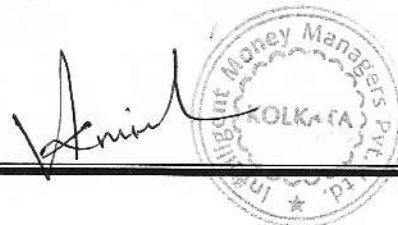
- C. **Hipoline Commerce Private Limited** (CIN: U51909WB1995PTC076045) is a Non-Banking Finance Company engaged in the business of Investment, Financing, advancing loan and making inter-corporate loan and investments. The Company is Registered with the Reserve Bank of India as a Non-Banking Finance Company vide Registration No. B. 05. 03563. Company is a Non-listed Private Limited Company incorporated under the Companies Act, 1956. The Registered Office of the Company is located at 1, Crooked Lane, Second Floor, Room Nos. 222 & 223, Kolkata - 700069, West Bengal.

Hipoline Commerce Private Limited is holding 11.17% of the issued, subscribed and paid up share capital of the Gallantt Metal Limited.

The share capital of Hipoline Commerce Private Limited as on March 31, 2019 is as under:

Particulars	Amount (in INR)
<b>Authorized:</b>	
47,28,300 Equity shares of INR 10/- each	4,72,83,000/-
<b>Total ::</b>	<b>4,72,83,000/-</b>
<b>Issued, Subscribed and Paid-up:</b>	
21,26,310 Equity Shares of INR 10/- each	2,12,63,100/-
<b>Total ::</b>	<b>2,12,63,100/-</b>

- D. **Lexi Exports Private Limited** (CIN: U51909WB1993PTC058926) is a Non-Banking Finance Company engaged in the business of Investment, Financing, advancing loan and making inter-corporate loan and investments. The Company is Registered with the Reserve Bank of India as a Non-Banking Finance Company vide Registration No. B. 05. 04965. Company is a Non-listed Private Limited Company incorporated under the Companies



Act, 1956. The Registered Office of the Company is located at 207, Maharshi Devendra Road, First Floor, Room No. 27, Kolkata – 700007, West Bengal.

Lexi Exports Private Limited is holding 14.67% of the issued, subscribed and paid up share capital of the Gallantt Metal Limited.

The share capital of Lexi Exports Private Limited as on March 31, 2019 is as under:

Particulars	Amount (in INR)
<b>Authorized:</b>	
34,30,000 Equity shares of INR 10/- each	3,43,00,000/-
<b>Total ::</b>	<b>3,43,00,000/-</b>
<b>Issued, Subscribed and Paid-up:</b>	
1,42,967 Equity Shares of INR 10/- each	14,29,670/-
<b>Total ::</b>	<b>14,29,670/-</b>

- E. **Richie Credit and Finance Private Limited** (CIN: U65921WB1985PTC117558) is a Non-Banking Finance Company engaged in the business of Investment, Financing, advancing loan and making inter-corporate loan and investments. The Company is Registered with the Reserve Bank of India as a Non-Banking Finance Company vide Registration No. B. 05. 06989. Company is a Non-listed Private Limited Company incorporated under the Companies Act, 1956. The Registered Office of the Company is located at 207, Maharshi Devendra Road, First Floor, Room No. 27, Kolkata – 700007, West Bengal.

Richie Credit and Finance Private Limited is holding 6.17% of the issued, subscribed and paid up share capital of the Gallantt Metal Limited.

The share capital of Richie Credit and Finance Private Limited as on March 31, 2019 is as under:

Particulars	Amount (in INR)
<b>Authorized:</b>	
35,10,000 Equity shares of INR 10/- each	3,51,00,000/-
<b>Total ::</b>	<b>3,51,00,000/-</b>
<b>Issued, Subscribed and Paid-up:</b>	
1,02,000 Equity Shares of INR 10/- each	10,20,000/-
<b>Total ::</b>	<b>10,20,000/-</b>





F. **Gallantt Metal Limited** (CIN: L27109DL2005PLC350524) is a listed public limited company incorporated under the Companies Act, 1956 having its registered office at "GALLANTT HOUSE", I-7, Jangpura Extension, New Delhi – 100014. The Transferee Company is primarily engaged in the business of Iron & Steel and Power business. GML's production facilities are located at Samakhyali, Taluka Bhachau, District Kutch, Bhachau, Gujarat, 370135, India. The equity shares of GML are listed on BSE Limited and National Stock Exchange of India Limited.

Gallantt Metal Limited is a promoter of Gallantt Ispat Limited and is holding 25.68% of the issued, subscribed and paid up share capital of the Gallantt Ispat Limited.

The share capital of Gallantt Metal Limited as on March 31, 2019 is as under:

Particulars	Amount (in INR)
<b>Authorized:</b>	
8,30,00,000 Equity shares of INR 10/- each	83,00,00,000/-
<b>Total ::</b>	<b>83,00,00,000/-</b>
<b>Issued, Subscribed and Paid-up:</b>	
8,13,22,324 Equity Shares of INR 10/- each	81,32,23,240/-
<b>Total ::</b>	<b>81,32,23,240/-</b>

The circumstances that necessitate or justify the proposed Scheme of Amalgamation for its benefits are summarized as under:

- The scheme envisages the amalgamation of Transferor Company-1, Transferor Company-2, Transferor Company-3, Transferor Company-4 and Transferor Company-5 with Transferee Company, resulting in consolidation of the business of six companies in one entity and strengthening the position of the merged entity, by enabling it to harness and optimize the synergies of the business, which is in the best interest of all the companies and their shareholders.
- The Transferee Company is a pioneer in the Steel and Power sector and is able to attract the best talents available in the industry. The Transferee Company is having its footprints spanning across Gujarat, Maharashtra and Rajasthan. In the same way, The Transferor Company-1 is a pioneer in the Steel, Power and Agro sector and has its presence in and is having its footprints spanning across Uttar Pradesh, Bihar, Jharkhand and Delhi NCR.



- iii. Slump Sale of entire Power Plant Undertaking of the Transferor Company- 1 as a going concern to the Transferee Company and will thereby preserve the entitlement of the said Power Plant Undertaking to the tax holiday available to the said Undertaking for being engaged in an identified priority area.
- iv. The Transferor Company-2 has plans to enter new business and to develop and complete real estate project. It is exploring further opportunities in the real estate sector and has in the meantime deployed its funds in investment in securities of the Transferor Company-1. The Transferor Company-1 is also inter alia engaged in the business of real estate. The Transferor Company-2 holds significant portion (17.62%) of the equity share capital of the Transferor Company-1. The amalgamation into the Transferee Company of the Transferor Company-1 and the Transferor Company-2 will lead to consolidation of the real estate business.
- v. The overall scale of operations for the Transferee Company would increase post the proposed merger of the Transferor Companies with the Transferee Company. The proposed amalgamation would benefit the Transferee Company in the usual economies of scale of a centralized and a large company including elimination of duplication of work, reduction in overheads, better and more productive utilization of human and other resources and enhancement of overall business efficiency.
- vi. The amalgamation aims to achieve consolidation, integration and thereby greater financial strength which are ultimately aimed at maximizing shareholders value. The merged entity is likely to achieve higher ability to garner funds for the long term and consequently achieve stable long-term financial returns for the merged entity. Besides achieving increased financial strength, the merged entity can reap benefits of cost reduction and efficiencies of operation.
- vii. The amalgamation will provide opportunities for pooling of managerial, technical and financial resources helping the merged entity achieve competitiveness.
- viii. The Amalgamation will enable exploring economy of scale and reduction in various costs and optimal utilization of resources.
- ix. The Amalgamation will result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by Transferor Companies and the Transferee Company.



#### 4. SOURCES OF INFORMATION

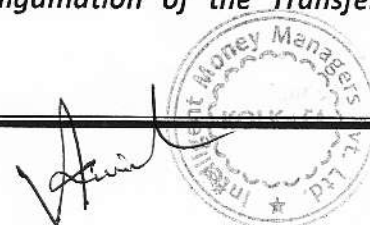
- A Copy of Memorandum and Articles of Association of Transferor companies and Transferee company;
- A certified true copy of draft scheme of Amalgamation;
- Audited Financial Statements of Transferor companies for financial year 31<sup>st</sup> March 2019;
- Audited Financial Statements of Transferee Company for financial year 31<sup>st</sup> March 2019;
- Pre and Post Amalgamation Shareholding pattern of the Transferee Company;
- Valuation cum Swap Ratio Report of Mr. Vikash Goel, Registered Valuer, Registration No. IBBI/RV/01/2018/10339 dated 17.01.2020.

#### 5. FAIRNESS OPINION

With reference to the above and based on information and explanation given to us by the management of **Transferor Companies and Transferee Company** and perusal of the draft scheme of Amalgamation, we understand that;

- *All the investment in the equity share capital of Transferor Companies as appear in the books of accounts of Transferee Company and vice versa shall stand cancelled.*
- *for every 14 equity shares of face value of INR 1 each held by the shareholders of the transferor company-1, the transferee Company shall issue and allot 13 equity shares of face value of Rs. 10 each fully paid up.*
- *for every 1 equity shares of face value of INR 10 each held by the shareholders of the transferor company-2, the transferee Company shall issue and allot 5 equity shares of face value of Rs. 10 each fully paid up.*
- *for every 2 equity shares of face value of INR 10 each held by the shareholders of the transferor company-3, the transferee Company shall issue and allot 9 equity shares of face value of Rs. 10 each fully paid up.*
- *for every 1 equity share of face value of INR 10 each held by the shareholders of the transferor company-4, the transferee Company shall issue and allot 84 equity shares of face value of Rs. 10 each fully paid up.*
- *for every 2 equity share of face value of INR 10 each held by the shareholders of the transferor company-5, the transferee Company shall issue and allot 101 equity shares of face value of Rs. 10 each fully paid up.*

***Based on the above information and valuation report, we are of opinion that the valuation of both the transferor companies and the transferee company is satisfactory and the swap ratio as derived for the proposed Amalgamation of the Transferor***





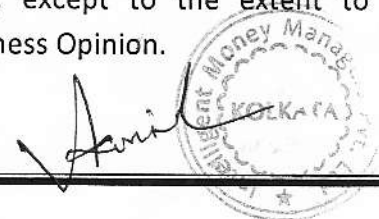
*Companies with Transferee Company as per the scheme of the Amalgamation is fair and reasonable to the equity shareholders of Gallantt Metal Limited, Gallantt Ispat Limited, AAR Commercial Company Limited, Hipoline Commerce Private Limited, Lexi Exports Private Limited and Richie Credit and Finance Private Limited.*

#### 6. LIMITATIONS OF THE FAIRNESS OPINION

This Fairness Opinion does not include the following and / or the following are the limitations of this Fairness Opinion:

- Audit of the financial statements of the Transferor or Transferee Companies;
- Legal or compliance due diligence of the Transferor or Transferee Companies;
- Evaluation of adequacy or inadequacy of regulatory compliance requirements by the Transferor or Transferee Companies;
- Carrying out market survey / detailed financial feasibility;
- Our fairness opinion is based on the information made available to us by the management of Transferor and Transferee Companies. Any subsequent changes to the financial and other information provided to us, may affect the result of the value analysis set out in this report;
- We have not carried out tests or audit to establish the accuracy of the financial statements and information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the Company;
- Our fairness opinion should not be construed as an investment advice, specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction;
- In rendering this opinion, we have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly we does not assume any responsibility in respect thereof. Further, we have assumed that the Scheme of Amalgamation will be implemented on the terms and conditions as set out in the draft Scheme of Amalgamation, without any material changes to or waiver of its terms and conditions;


We hereby declare that we do not have any direct or indirect material pecuniary relationship with the Transferor or Transferee Companies, except to the extent to professional fees agreed amongst us for this assignment of Fairness Opinion.


The block contains a handwritten signature in black ink, which appears to be 'Anil'. To the right of the signature is a circular stamp. The text around the perimeter of the stamp reads 'Independent Money Manager'. In the center of the stamp, the word 'KOLKATA' is visible.

This report is issued on the understanding that it is solely for the use of the persons to whom it is addressed and for the purpose described above. We will not accept any liability or responsibility to any person other than those to whom it is addressed. This report is prepared only in connection with the proposed amalgamation exclusively for the use of the Companies and for the submission to any regulatory / statutory authority as maybe required under any law.

Our liability direct or indirect, whether arising in contract, tort or otherwise for any loss or damage arising out of or in connection with rendering this fairness opinion shall be limited to the amount of fees received / receivable for rendering this opinion.

For & on behalf of-  
**Intelligent Money Managers Private Limited,**

  
**Amit Kumar Mishra**  
Assistant Vice President



**Date: 18th January, 2020**