

GIL/KOL/2020-21

Date: 12.11.2020

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 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

DCS/AMAL/JR/R37/1837/2020-21

“E-Letter”

November 12, 2020

The Company Secretary,
Gallantt Ispat 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 Ispat 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