

**GALLANTT ISPAT LIMITED**

CIN: L27109WB2005PLC101650

Registered Office : 1, Crooked Lane, Second Floor, Room No. 222 &amp; 223, Kolkata - 700069

Website: www.gallantt.com; Email: nitesh@gallantt.com

**COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS**

|              |                                                                                      |
|--------------|--------------------------------------------------------------------------------------|
| <b>Day</b>   | <b>Saturday</b>                                                                      |
| <b>Date</b>  | <b>8th day of November, 2014</b>                                                     |
| <b>Time</b>  | <b>11.00 a.m.</b>                                                                    |
| <b>Venue</b> | <b>Manthan Hotel and Restaurant, 3, Waterloo Street, Dalhousie, Kolkata – 700069</b> |

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Company Application No. 449 of 2014  
with  
Company Application No. 369 of 2014  
**IN THE HIGH COURT AT CALCUTTA**  
**ORIGINAL JURISDICTION**

In the Matter of the Companies Act, 1956;  
And  
In the Matter of an application under Sections 391(1) and 393  
of the said Act;  
And  
In the Matter of:  
GALLANTT UDYOG LIMITED, a company incorporated under the  
provisions of the Companies Act, 1956, having its registered  
office at 1, Crooked Lane, 2nd floor, Room Nos. 222 and 223,  
Kolkata 700 069 within the aforesaid jurisdiction.  
And  
In the Matter of:  
GALLANTT ISPAT LIMITED, a company incorporated under the  
provisions of the Companies Act, 1956, having its registered  
office at 1, Crooked Lane, 2nd floor, Room Nos. 222 and 223,  
Kolkata 700 069 within the aforesaid jurisdiction.  
And  
In the Matter of:  
1. Gallantt Udyog Limited  
2. Gallantt Ispat Limited

APPLICANTS

**NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF GALLANTT ISPAT LIMITED**

To

The Equity Shareholder(s) of Gallantt Ispat Limited (the "Transferee Company")

TAKE NOTICE that by the Order dated 10th June, 2014 as modified vide order dated 26th August 2014 passed in the above Company Application, the Hon'ble High Court at Calcutta has directed that a meeting of the equity shareholders of the Transferee Company be convened and held at Manthan Hotel and Restaurant, 3, Waterloo Street, Dalhousie, Kolkata - 700069 on the 8th day of November, 2014 at 11:00 am, for the purpose of considering, and if thought fit, approving, with or without modification(s) the proposed Scheme of Amalgamation of the Gallantt Udyog Limited (Transferor Company) with the Transferee Company.

TAKE FURTHER NOTICE that in pursuance of the said Orders of the Hon'ble High Court at Calcutta, a meeting of the equity shareholders of the Transferee Company will be convened and held at Manthan Hotel and Restaurant, 3, Waterloo Street, Dalhousie, Kolkata - 700069 on the 8th day of November, 2014 at 11:00 am, at which place, day, date and time you are requested to attend the Meeting.

TAKE FURTHER NOTICE that you may attend and vote at the said Meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you, is deposited at the Registered Office of the Transferee Company at 1, Crooked Lane, 2nd Floor, Room No. 222 & 223, Kolkata-700069 in the State of West Bengal, not later than 48 hours before the scheduled time of the commencement of the Meeting.

The Hon'ble High Court at Calcutta has appointed Mr. Subir Saha, Advocate, Bar Association Room No. 12 and failing him Mr. Rahul Sengupta, Advocate, Bar Library Club, 2nd Floor, to be the Chairperson of the said Meeting.

A copy each of the Scheme of Amalgamation, the Explanatory statement under Section 393 of the Companies Act, 1956, and a Form of Proxy are enclosed herewith.

Sd/-

Subir Saha

CHAIRPERSON APPOINTED FOR THE MEETING

Dated this 20th day of September 2014

Encl: as above :

Notes :

(1) All alterations made in the Form of Proxy should be initialed.

(2) Only registered equity shareholders of the Company may attend and vote (either in person or by proxy or by Authorised Representative under Section 113 of the Companies Act, 2013) at the Meeting. The representative of a body corporate which is a registered equity shareholder of the Company may attend and vote at the Meeting, provided a certified true copy of the resolution of the Board of Directors Or other governing body of the body corporate authorising such representative to attend and vote at the Meeting is deposited at the registered office of the Company not later than 48 hours before the scheduled time of the commencement of the Meeting. A Proxy need not be a member of the Company.

Company Application No. 449 of 2014  
with  
Company Application No. 369 of 2014  
**IN THE HIGH COURT AT CALCUTTA**  
**ORIGINAL JURISDICTION**

In the Matter of the Companies Act, 1956;

And

In the Matter of an application under Sections 391(1) and 393  
of the said Act;

And

In the Matter of:

GALLANTT UDYOG LIMITED, a company incorporated under the  
provisions of the Companies Act, 1956, having its registered  
office at 1, Crooked Lane, 2nd floor, Room Nos. 222 and 223,  
Kolkata 700 069 within the aforesaid jurisdiction.

And

In the Matter of:

GALLANTT ISPAT LIMITED, a company incorporated under the  
provisions of the Companies Act, 1956, having its registered  
office at 1, Crooked Lane, 2nd floor, Room Nos. 222 and 223,  
Kolkata 700 069 within the aforesaid jurisdiction.

And

In the Matter of:

1. Gallantt Udyog Limited
2. Gallantt Ispat Limited

APPLICANTS

**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956**

**For the purpose of this explanatory statement, the following terms shall have the meaning set out below:**

- “Act” means the Companies Act, 1956 and all the modifications and/or re-enactment or amendments thereof;
  - “GUL” means GALLANTT UDYOG LIMITED, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at 1, Crooked Lane, 2nd Floor, Room No.222 & 223, Kolkata-700069 in the State of West Bengal;
  - “Company” means GALLANTT ISPAT LIMITED, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at 1, Crooked Lane, 2nd Floor, Room No.222 & 223, Kolkata-700069 in the State of West Bengal;
  - “Scheme of Amalgamation” means the Scheme of Amalgamation, under Sections 391 to 394 of the Companies Act, 1956, of Gallantt Udyog Limited with Gallantt Ispat Limited;
  - “SEBI Circulars” means Circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 and Circular No. CIR/CFD/DIL/8/2013 dated 21st May, 2013, each issued by the SEBI;
  - “Stock Exchanges” means the BSE Limited and National Stock Exchange of India Limited.
1. The Company is proposing to enter into a Scheme of Amalgamation with GUL, which was approved by the board of directors of the Company on August 12, 2013.
  2. The Scheme of Amalgamation was also approved by the board of directors of GUL.
  3. A copy of the Scheme of Amalgamation is enclosed to this explanatory statement as Annexure I and forms part of this explanatory statement.
  4. The background of the companies involved in the Scheme of Amalgamation is as under:
    - a. **GUL or Transferor Company:**
      - (i) GUL is a public limited company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at 1, Crooked Lane, 2nd Floor, Room No.222 & 223, Kolkata-700069 in the State of West Bengal;
      - (ii) GUL is engaged in the business of Manufacturing, selling and marketing of Agro Products and Real Estate.
      - (iii) The main objects of GUL are as follows:

1. To manufacture, process, fabricate, produce, acquire, own, treat, prepare, refine, explore and to purchase, sale, import, export or otherwise deal in sponge iron, pig iron, iron ore, wrought iron, ferro silicon, ferro manganese, silica manganese, ferrochrome, and other ferrous and non-ferrous metals, billets, ingots, steels, alloy, special mild, torsteel, steel converters, rolled steel makers, stainless steel, aluminium, shutting, bars, including twisted and bright bars, rod, flats, squares from scrapes, billets, ingots including wire, and wire ropes, and all kinds of wire products, nails, screws, bolts, nuts, tivets, expanded metals, hinges, plates, steels, utensils of all metals, strips, hoops rounds, circles, angles, steel tubes and pipe fitting tools, implements etc. and other substances and metals, of every descriptions, grades and specifications.
  2. To carry the business of general electric power supply company in all the branches and to construct, lay down, establish, fix and carry out all necessary power station, cable, wire, lines, accomulate lamp and ware and to generate accomulate, lamp and ware and to generate, accomulate, distribute for captively consume and to sell, supply electricity to Government, semi Government and to light cities, towns, streets, markets, theatres, building and places both public and private.
  3. To carry on the business activities as developers of land, colonies, sheds, buildings, structures, residential plots, commercial plots, industrial plots and sheds, roads, bridges, channels, culverts and to act as architect, designers, contractors, sub-contractors, for all types of constructions and developments work for private sector, Government Departments, semi Government departments, development authorities and to develop the sites and plots and to carry on the business activities of acquire, purchaser, re-purchase, let out, lease, sell, exchange, hire or otherwise all types of land and properties of any tenure or any interest in the same or to erect and construct houses, building, multistories, or work for every descriptions on any land of the company or upon other land or property and to pull down rebuild, enlarge, alter, and improve existing of houses and plots free hold or other house property, building, or lands or interest, household articles and other products of other companies in the installments, network scheme or otherwise.
- (iv) The equity shares of Gallantt Udyog Limited are not listed on the Stock Exchanges.
- (v) The share capital structure of GUL as on March 31, 2013 is set out below:

| Particulars                                            | ₹              |
|--------------------------------------------------------|----------------|
| <b>AUTHORISED SHARE CAPITAL</b>                        | 16,50,00,000/- |
| 1,65,00,000 Equity Shares of ₹ 10/- each               |                |
| <b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>    | 11,05,81,910/- |
| 1,10,58,191 Equity Shares of ₹ 10/- each fully paid-up |                |

**b. Company or Transferee Company:**

- (i) The Company a public limited company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at 1, Crooked Lane, 2nd Floor, Room No.222 & 223, Kolkata-700069 in the State of West Bengal
- (ii) The Company is engaged in the business of manufacturing, selling and marketing of Steel Products, Manufacturing, selling and marketing of Agro Products and Captive Power Plant.
- (iii) The main objects of the Company are as follows:
  1. To carry on the business as manufacturers, processors, converters, producers, exporters, traders, dealers, distributors, stockists, buyers, sellers, agents or merchants in all kinds and forms of iron and steel including sponge iron, pig iron, hot rolling & cold rolling steel strips, ingots, billets, mild, high carbon, spring, high speed, tool, alloy, stainless steels, iron-metals and blooms, slabs, bars, joists, rods, squares, structurals, tubes, poles, flanges, beams, joints, pipes sheets casting, wires, rails, rolling materials, rollers etc. semi-manufactured and other materials made usually or partly of iron, steel alloys and metal products required in or used for industrial, defence, agricultural, transport, commercial, domestic, building power transmission and/or construction purposes including the rerolling activity and the activity of generation of power for captive consumption and/or for sale/transmission.
  2. To carry on business as manufacturers, processors, importers, exporters, and dealers in all kinds of materials like ferrous, copper, zinc, aluminum, coal etc. including the mining activity.
  3. To manufacture, deal, import and export in ferrous and non-ferrous metals, ferro alloys, ferro silicon, ferro chrome-ferro manganese etc., sheets and other ferrous substances and metals of every description and grades and to manufacture, deal, import and export in all kinds and varieties of non ferrous raw metals such as aluminium copper, tin, lead etc. and the by-products obtained in processing and manufacturing these raw metals and to carry on the business of engineers metal workers, mill-wrights, smiths, metallurgists and to act as engineering consultants and designers, importers, and exporters of technology
  4. To carry on business as manufacturers, processors, importers, exporters and dealers in all kinds of castings products, iron & steel goods and as iron-masters, iron founders, iron-workers, steel makers, electric etc. and blast furnaces proprietors, brass founders and metals makers refiners and workers generally iron and steel converters, smiths, tin plate makers, manufacturers of industrial, agricultural and other fittings, parts and all kinds of machineries, accessories tools and implements, boiler and steam generating plant makers metallurgists.
  5. To carry on the business of millers in all its branches and to set up mills for milling wheat, gram and other grains

and cereals, dal, besan, maida, atta, suji and other allied products and to manufacture any bye products, food products, such as biscuits, flakes, dalia and confectionery from flours of all kinds and set up factories or mills for the manufacture thereof and to carry on the business of producing, extracting, refining, storing, exporting, importing, transporting and dealing in flours of all kinds whatsoever and to run flour mills of any kind including rice mills for separation of husk, bran for preparation of flours or other products there from to carry on the business of manufacturing, buying, selling, importing, exporting and dealing in textiles, cotton, silk, art silk, rayon, nylon, viscos, synthetic fibers, staple fibers, polyester, worsted, wool, hemp and other fibre materials, yarn, cloth, linen, rayon and other goods or merchandise whether textile felted, netted or looped.

- (iv) The equity shares of the Company are listed on the Stock Exchanges.
- (v) The share capital structure of the Company as on March 31, 2013 is set out below:

**AUTHORISED SHARE CAPITAL**

| Particulars                                                                                                  | ₹            |
|--------------------------------------------------------------------------------------------------------------|--------------|
| <b>AUTHORISED SHARE CAPITAL</b><br>3,00,00,000 equity shares of Rs. 10 each.                                 | 30,00,00,000 |
| <b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b><br>2,92,66,505 equity shares of ₹ 10 each fully paid up. | 29,26,65,050 |

5. The circumstances which justify and/or necessitate the said Scheme of Amalgamation are, inter alia, as follows:-
  - a) Both the companies belong to the same Group and are under common control and management. The proposed amalgamation will enable appropriate consolidation and integration of the business activities of both the companies concerned.
  - b) The said Scheme has been proposed, inter alia, to provide for overall business efficiency to combine their managerial and marketing strength, to streamline administration, to build a wider capital and assets base and to promote and secure the overall interest growth and economies of both the companies concerned.
  - c) The amalgamation will result in usual economies of a centralized and a larger company including reduction in overheads, better and more productive utilization of labour and other resources and reduction in procedural and administrative work. The amalgamation shall also enable both the companies concerned to broad base the present business.
  - d) The said scheme will enable the said companies to pool their resources to their advantage resulting in more efficient utilization of their resources.
  - e) The said scheme will enable the establishment of a larger company with larger resources and a larger capital base facilitating further expansion and development of the business of both the companies. The said scheme will enable the undertakings and business of the said companies to obtain greater facilities possessed and enjoyed by one large company as compared with a number of smaller companies, for raising capital, securing and conducting trade, on favourable terms and other benefits.
  - f) The business of the said companies can be conveniently and advantageously combined together and in general the business of the companies concerned will be carried on more economically and profitably if the scheme is implemented.
  - g) The said scheme will contribute in furthering and fulfilling the objects of the companies concerned and in the growth and development of their business.
  - h) The said scheme will strengthen consolidate and stabilize the business of the said companies and the resulting amalgamated company will be able to participate more vigorously and profitably in a competitive market.
  - i) The said scheme will enable the companies concerned to diversify and expand their activities without restricting their existing activities.
  - j) The Scheme will have beneficial results for the companies concerned, their shareholders, employees and all concerned.
6. The Board of Directors of the Company, at its meeting held on 12th August, 2013, has taken into account the independent recommendation of the Audit Committee, the Valuation Report dated 3rd July, 2013 ("Valuation Report") issued by Maroti & Associates and the Fairness Opinion dated 7th August, 2013 ("Fairness Opinion") issued by Guinness Corporate Advisors Private Limited. In terms of Clause 24(h) of the Listing Agreement, a copy of the Fairness Opinion is enclosed as Annexure II to this explanatory statement.
7. As required by the SEBI Circulars, the Company has filed the Complaints Report with the Stock Exchanges on December 18, 2013 and a copy of same is enclosed as Annexure III to this explanatory statement.
8. The Company has received, in terms of Clause 24(f) of the Listing Agreement, Observation Letter dated 20th May, 2014 from the designated Stock Exchange viz. BSE Limited and observation letter dated 21st May, 2014 from the National Stock Exchange of India Limited conveying their respective 'no objection' for filing of the Scheme of Amalgamation with the Hon'ble High Court at Calcutta. Copies of the Observation Letter dated 20th May, 2014 and 21st May, 2014 are enclosed as Annexure IV and Annexure V respectively to this explanatory statement.
9. In term of Clause 24(h) of the Listing Agreement, the pre amalgamation capital structure and shareholding pattern of GUL is provided in the Annexure VI to this explanatory statement.

10. In term of Clause 24(h) of the Listing Agreement, the pre and post amalgamation (expected) capital structure and shareholding pattern of the Company is provided in the Annexure VII to this explanatory statement.
11. Disclosure of interest :

- a. None of the directors and the key managerial personnel of the GUL (as defined under the Companies Act, 2013) and their relatives have any interest in the Scheme of Amalgamation, except as shareholders of the respective companies, the extent of which is stated below :

| Sl. No. | Name of Directors     | No. of Shares held in GUL | No. of shares held in the Company |
|---------|-----------------------|---------------------------|-----------------------------------|
| 1.      | Shyam Manohar Agrawal | 337500                    | 0                                 |
| 2.      | Shivang Kumar Pansari | 0                         | 0                                 |
| 3.      | Harsh Agrawal         | 0                         | 0                                 |

- b. None of the directors and the key managerial personnel of the Company (as defined under the Companies Act, 2013) and their relatives have any interest in the Scheme of Amalgamation, except as shareholders of the respective companies, the extent of which is stated below:

| Sl. No. | Name of Directors       | No. of shares held in the Company | No. of Shares held in GUL |
|---------|-------------------------|-----------------------------------|---------------------------|
| 1.      | Chandra Prakash Agrawal | 31,12,000                         | 858997                    |
| 2.      | Prem Prakash Agrawal    | 33,333                            | 376765                    |
| 3.      | Nitin M Kandoi          | 80,000                            | 0                         |
| 4.      | Santosh Kumar Agrawal   | 25,000                            | 233650                    |
| 5.      | Sangeeta Upadhyay       | 0                                 | 0                         |
| 6.      | Jyotirindra Nath Dey    | 0                                 | 0                         |
| 7.      | Rajesh Kumar Jain       | 0                                 | 0                         |
| 8.      | Piyush Kankrania        | 0                                 | 0                         |

**Key Managerial Personnel (KMP) of the Company**

| Sl. No. | Name of Directors | No. of shares held in the Company | No. of Shares held in GUL |
|---------|-------------------|-----------------------------------|---------------------------|
| 1.      | Amit Jalan        | 12                                | 0                         |
| 2.      | Nitesh Kumar      | 0                                 | 0                         |

12. Disclosure of proceedings:
- There are no proceedings pending under Section 235 to 251 of the Companies Act, 1956 against any of the applicant companies.
13. Copies of the following documents are available for inspection at the registered office of the Company situated at 1, Crooked Lane, 2nd Floor, Room No.222 & 223, Kolkata-700069 in the State of West Bengal, India on any working day except Saturdays, Sundays and Public Holidays, between 11.00 a.m. to 1.00 p.m, up to 24 hours prior to the date of the meeting:
- Copy of the orders dated June 10, 2014 and August 26, 2014 passed by the Hon'ble High Court at Calcutta in C.A. No. 369 of 2014 and C.A. No. 449 of 2014 along with copy of the said respective Company Applications and Judges Summons;
  - Scheme of Amalgamation;
  - Copy of the resolutions passed by the respective Boards of Directors of the Company and GUL approving the Scheme;
  - Report of Audit Committee of the Company dated 12th August, 2013;
  - Memorandum and Articles of Association of the Company and GUL;
  - Observation Letter dated 20th May, 2014 received from the designated Stock Exchange viz BSE Limited conveying its 'no objection' for filing of the Scheme of Amalgamation with the Hon'ble High Court at Calcutta;
  - Observation Letter dated 21st May, 2014 received from the National Stock Exchange of India Limited conveying its 'no objection' for filing of the Scheme of Amalgamation with the Hon'ble High Court at Calcutta;
  - Complaints report dated 18th December, 2013 submitted by the Company to the BSE Limited;
  - Complaints report dated 18th December, 2013 submitted by the Company to the National Stock Exchange of India Limited;
  - The audited accounts of GUL for the year ended 31st March, 2013 and 31st March, 2014;
  - The audited accounts of the Company for the year ended 31st March, 2013 and 31st March, 2014;
  - Valuation Report dated 3rd July, 2013 issued by Maroti & Associates, Chartered Accountants ;
  - Fairness Opinion dated 7th August, 2013 issued by Guinness Corporate Advisors Private Limited
  - Register of Member and Directors of the Company and GUL.

- o. Listing Agreement
  - p. List of shareholders of Company and GUL.
  - q. Register of directors shareholdings.
14. This statement may be treated as an Explanatory Statement under Section 393 of the Companies Act, 1956 and rules made thereunder. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained free of charge from the Registered Office of the Applicant Companies both at 1, Crooked Lane, 2nd Floor, Room No.222 & 223, Kolkata-700069 or at the office of their Advocates, Choudhury's Law Offices, Nicco House, 3rd Floor, 2 Hare Street, Kolkata - 700001 in the State of West Bengal, India.
15. The Scheme of Amalgamation, if approved by the said Applicant Companies at their respective meetings, will be subject to the final approval of the Hon'ble High Court at Calcutta.

Sd/-

**Subir Saha**

CHAIRPERSON APPOINTED FOR THE MEETING

Dated this 20th day of September 2014

**SCHEME OF AMALGAMATION**  
(UNDER SECTIONS 391 & 394 OF THE COMPANIES ACT, 1956)  
Of  
**GALLANTT UDYOG LIMITED**  
- WITH -  
**GALLANTT ISPAT LIMITED**

**P A R T - I**

**DEFINITIONS :** For the purpose of this Scheme :

1. "THE TRANSFEROR COMPANY" means GALLANTT UDYOG LIMITED, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at 1, Crooked Lane, 2nd Floor, Room No.222 & 223, Kolkata-700069 in the State of West Bengal;
2. "THE TRANSFEREE COMPANY" means GALLANTT ISPAT LIMITED, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at 1, Crooked Lane, 2nd Floor, Room No.222 & 223, Kolkata-700069 in the State of West Bengal;
3. "TRANSFER DATE" means the 1st day of April, 2013.
4. "EFFECTIVE DATE" means the date when the certified copy of the order sanctioning the Scheme of Amalgamation is filed with the Registrar of Companies, West Bengal, by the TRANSFEROR COMPANY and the TRANSFEREE COMPANY.
5. "SCHEME" or "THE SCHEME" or "THIS SCHEME" means this Scheme of Amalgamation in its present form submitted to the Hon'ble High Court at Calcutta or with any modification(s) made under clause no.3 of Part-IV of this Scheme.
6. "THE ACT" means the Companies Act, 1956 including any statutory modifications, re-enactments or amendments thereof.
7. "THE COURT" or "THE HON'BLE HIGH COURT" shall mean the Hon'ble High Court, Calcutta and shall include The National Company Law Tribunal, if applicable.
8. "UNDERTAKINGS OF THE TRANSFEROR COMPANY" means and includes:-
  - (i) All the properties, assets and liabilities of the TRANSFEROR COMPANY immediately before the TRANSFER DATE.
  - (ii) Without prejudice to the generality of the foregoing clause, the said undertaking shall include all rights, powers, interests, authorities, privileges, liberties and all properties and assets, moveable or immovable, real or personal, corporeal or incorporeal, in possession or reversion, present or contingent or of whatsoever nature and wherever situate including land, buildings, office equipments, vehicles, inventories, sundry debtors, cash and bank balances, loans and advances, leases, tenancy and agency rights and all other interests and rights in or arising out of such properties together with all licences, trade marks, import entitlements and other quotas, if any, held/applied for or as may be obtained hereafter by the TRANSFEROR COMPANY or which the TRANSFEROR COMPANY is entitled to and all debts, liabilities, duties and obligations of the TRANSFEROR COMPANY of whatsoever kind.
9. Word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed thereto.

**W H E R E A S :**

1. The TRANSFEROR COMPANY is engaged in the business of Manufacturing, selling and marketing of Agro Products and Real Estate and the TRANSFEREE COMPANY is engaged in the business of Manufacturing, selling and marketing of Steel Products, Manufacturing, selling and marketing of Agro Products and Captive Power Plant.
2. For the purposes of better, efficient and economical management, control and running of the business of the undertakings concerned and for administrative convenience and to obtain advantage of economy of large scale and to broad base the present business, the present Scheme is proposed to amalgamate the TRANSFEROR COMPANY with the TRANSFEREE COMPANY.

**PART - II**

**PRESENT CAPITAL STRUCTURE :**

- A. The Authorised Share Capital of the TRANSFEROR COMPANY is ₹ 16,50,00,000/- divided into 1,65,00,000 Equity Shares of ₹ 10/- each. The Issued, Subscribed & Paid-up Share Capital is ₹ 11,05,81,910/- divided into 1,10,58,191 Equity Shares of Rs.10/- each fully paid-up.
- B. The Authorised Share Capital of the TRANSFEREE COMPANY is ₹ 30,00,00,000/- divided into 3,00,00,000 Equity Shares of ₹ 10/- each. The Issued, Subscribed & Paid-up Share Capital is ₹ 29,26,65,050/- divided into 2,92,66,505 Equity Shares of ₹ 10/- each fully paid-up.

**P A R T – III**

**TRANSFER OF UNDERTAKINGS**

1. With effect from the Transfer Date, the undertakings of the TRANSFEROR COMPANY together with its assets and liabilities shall without further act or deed be transferred to and be vested in or deemed to have been transferred to and vested in the TRANSFEREE COMPANY pursuant to Section 394(2) of the Companies Act, 1956 (hereinafter called "the Act") subject however, to all charges, lien, mortgages, if any, then affecting the same or any part thereof as per the Orders of the Hon'ble High Court, provided, however that such charges, lien, mortgages, encumbrances shall be confined only to the related assets or part

thereof as may be encumbered by the TRANSFEROR COMPANY and transferred to and vested in the TRANSFEREE COMPANY on and from the TRANSFER DATE and no such encumbrances shall extend over or apply to any other asset(s) or property(ies) of the TRANSFEREE COMPANY. Any reference in any security documents or arrangements (to which any of the TRANSFEROR COMPANY is a party) to any asset(s) property(ies) of that TRANSFEROR COMPANY it shall be so construed to the end and intent that such security shall not extend or be deemed to extend to any of the other asset(s) or property(ies) of the TRANSFEREE COMPANY.

2. The benefit of all statutory and regulatory permissions, licences from Government & Semi-Government or Autonomous Bodies etc. including all statutory licences, permissions or approvals or consents to carry on the operations in the TRANSFEROR COMPANIES shall vest in and become available to TRANSFEREE COMPANY pursuant to the Scheme and shall always be deemed to have been issued to the TRANSFEREE COMPANY and the concerned statutory authorities and licensors shall endorse and/or mutate and/or record the same, upon the filing of this Scheme as sanctioned with such authorities and licensors, so as to empower and facilitate the transfer and vesting of the undertaking of the TRANSFEROR COMPANY in the TRANSFEREE COMPANY.
3. It is expressly provided that in respect of such assets as are movable in nature including investments or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred without requiring any deed or instrument for the same and shall become the property of the TRANSFEREE COMPANY accordingly.
4. Upon the coming into effect of the Scheme, all motor vehicles and land & buildings, if any, of any nature whatsoever comprised in or relating to the TRANSFEROR COMPANY shall vest in the TRANSFEREE COMPANY and the appropriate Governmental and Registration Authorities shall mutate and register the vehicles and land & buildings in the name of the TRANSFEREE COMPANY as if the vehicles, land & buildings had originally been registered in the name of the TRANSFEREE COMPANY.

#### **LEGAL PROCEEDINGS**

5. If any suit, appeal or any other proceedings of whatsoever nature (hereinafter called "The Proceedings") by or against the TRANSFEROR COMPANY are pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertakings of the TRANSFEROR COMPANY or any thing contained in this scheme but the proceedings may be continued, prosecuted and enforced by or against the TRANSFEREE COMPANY in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the TRANSFEROR COMPANIES if this Scheme had not been made.
6. The Transfer and vesting of assets and liabilities under Clause No.1 to 4 hereof and the continuance of the proceedings by or against the TRANSFEREE COMPANY under Clause No.5 hereof shall not affect any transactions or proceedings already concluded by the TRANSFEROR COMPANY on and after the TRANSFER DATE to the end and intent that the TRANSFEREE COMPANY accepts and adopts all acts, deeds and things done and executed by or on behalf of the TRANSFEROR COMPANY as acts, deeds and things done and executed by or on behalf of the TRANSFEREE COMPANY.

#### **CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS**

7. Subject to the provisions contained in this Scheme, all contracts, deeds bonds, agreements and other documents and instruments of whatsoever nature to which the TRANSFEROR COMPANY is party subsisting or having effect immediately before the amalgamation shall remain in full force and effect against or in favour of the TRANSFEREE COMPANY and may be enforced as fully and effectively, as if instead of the TRANSFEROR COMPANIES, the TRANSFEREE COMPANY had been a party thereto.

#### **TRANSFEROR COMPANIES' STAFF, WORKMEN AND EMPLOYEES**

8. The TRANSFEREE COMPANY shall takeover all the employees in service on the effective date of the TRANSFEROR COMPANY without interruption and on terms no less favourable to them as then applicable to them. The service of the said employees with the TRANSFEROR COMPANY prior to such taking over will not be treated as having been broken for the purpose of Provident fund, gratuity and other benefits but will be reckoned for all purposes from the date of their respective appointment with the respective TRANSFEROR COMPANY.

#### **ISSUE OF SHARES BY THE TRANSFEREE COMPANY**

9. Upon the Scheme being sanctioned by the Hon'ble High Court at Calcutta and upon transfer being taken place as stipulated under different Clauses hereof :-
  - a) The TRANSFEREE COMPANY shall without further application, act or deed issue and allot to the Shareholders of the TRANSFEROR COMPANY whose names are recorded in the register of members of the TRANSFEROR COMPANY on the Record Date in the manner following:

To every Equity Shareholder of the TRANSFEROR COMPANY, 5 (five) Equity Shares of ₹ 10/- each credited as fully paid-up in the TRANSFEREE COMPANY for every 6 (six) Equity Shares of ₹ 10/- fully paid-up held by such Equity Shareholder in the TRANSFEROR COMPANY.
  - (b) All the Equity Shares of TRANSFEREE COMPANY to be issued and allotted to every member of TRANSFEROR COMPANY as aforesaid shall rank pari-passu in all respects with the existing Equity Shares in the TRANSFEREE COMPANY;
  - (c) No certificate(s) shall be issued in respect of fractional entitlements, if any, to which the shareholder of the TRANSFEROR COMPANY may be entitled on issue and allotment of shares of the TRANSFEREE COMPANY in terms of Clause 9(a) above. The Board of Directors of the TRANSFEREE COMPANY shall, instead consolidate the fractional entitlements of the TRANSFEROR COMPANY and there upon issue and allot Equity Shares in lieu thereof to a Director or nominee of the TRANSFEROR COMPANY or such other person as the Board of Directors of the TRANSFEREE COMPANY shall appoint

in this behalf who shall hold the shares interest on behalf of the members of the TRANSFEROR COMPANY entitled to fractional entitlements with the express understanding that such director(s), nominee(s) or person(s) shall sell the same to such person at such price, as they deem fit and pay the net sale proceeds to the TRANSFEREE COMPANY who shall thereupon distribute such net sale proceeds to their members in proportion to their respective fractional entitlements. Final after such consolidation, if any shall be ignored;

- (d) Upon this Scheme becoming finally effective, the existing Share Certificates of any class held by the shareholders of the TRANSFEROR COMPANY shall automatically stand cancelled. The TRANSFEREE COMPANY shall directly issue and dispatch the new Share Certificates to the shareholders or credit the demat account of the shareholders of the TRANSFEROR COMPANY with respect to their entitlement of Shares in the TRANSFEREE COMPANY in terms and in accordance with the provisions of the Scheme;
- (e) All the shareholders of the TRANSFEROR COMPANY shall accept the Share(s) of the TRANSFEREE COMPANY to be allotted in terms of this Scheme in lieu of their existing shareholdings in the TRANSFEROR COMPANY;
- (f) The TRANSFEROR COMPANY holds 10245592 Equity Shares of ₹ 10/- each fully paid-up in the TRANSFEREE COMPANY. The entire share holding of the TRANSFEROR COMPANY in the TRANSFEREE COMPANY shall stand cancelled.

#### **ACCOUNTING TREATMENT**

- 10. The account shall be taken of the Assets and Liabilities of the TRANSFEROR COMPANY as on the date immediately preceding the Transfer Date and all the Assets and Liabilities of the TRANSFEROR COMPANY shall be incorporated in the books of accounts of the TRANSFEREE COMPANY at the respective Book Values thereof as appearing in the books of accounts of the respective TRANSFEROR COMPANY. All the entries in the Books of the TRANSFEREE COMPANY shall be made in accordance with the Accounting Standard-14 issued by the Institute of Chartered Accountants of India and other generally accepted accounting principles.

#### **LISTING OF SHARES**

- 11. The TRANSFEREE COMPANY shall upon sanction of the Scheme and upon consequent allotment of Equity Shares to the Shareholders of the TRANSFEROR COMPANY in terms of the Scheme, apply to the concerned Stock Exchange(s) (where the shares of the TRANSFEREE COMPANY are listed) for listing of these newly allotted shares and the Stock Exchange(s) shall on receipt of such application promptly list such newly allotted shares for trading in the Stock Exchange(s) to facilitate marketability of such shares subject to compliance with Listing Agreement issued by the concerned Stock Exchange(s) for listing of Shares.

### **PART – IV**

#### **APPLICATIONS TO THE HIGH COURT**

- 1. The TRANSFEROR COMPANY and the TRANSFEREE COMPANY shall, with all reasonable dispatch, make necessary applications under Sections 391 to 394 of the Act, to the Hon'ble High Court at Calcutta, for sanction and carrying out of the Scheme and for consequent dissolution of the TRANSFEROR COMPANY without winding up and apply for and obtain such other approvals, as required by law. Any such application shall, upon constitution of the National Company Law Tribunal under Section 10FB of the Act including constitution of the National Company Law Tribunal under any statutory re-enactment of the Act, be made and/or pursued before the National Company Law Tribunal, if so required. In such event references in this Scheme to the Hon'ble High Court at Calcutta shall be construed as references to the National Company Law Tribunal as the context may require. The TRANSFEROR COMPANY and the TRANSFEREE COMPANY shall also apply for such other approvals as may be necessary in law, if any, for bringing the Scheme into effect. Further, the TRANSFEROR COMPANY and the TRANSFEREE COMPANY shall be entitled to take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.
- 2. Subject to orders being made by the Hon'ble High Court at Calcutta, the TRANSFEROR COMPANY shall be dissolved without winding up;

#### **MODIFICATIONS / AMENDMENTS TO THE SCHEME**

- 3. The Board of Directors of the TRANSFEROR COMPANY and the TRANSFEREE COMPANY or any person authorised by them may assent on behalf of all concerned to any modification to this Scheme of Amalgamation or to any condition which the Hon'ble High Court at Calcutta or the Government or any other authorities including Securities & Exchange Board of India, Bombay Stock Exchange Limited or National Stock Exchange of India Limited may impose.

#### **SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

- 4. This Scheme is conditional and shall be acted upon subject to the followings:
  - (a) The Scheme being sanctioned by the Hon'ble High Court at Calcutta.
  - (b) The certified copy of the order of the Hon'ble High Court at Calcutta sanctioning the Scheme, being filed with the Registrar of Companies, West Bengal by the TRANSFEROR COMPANY and the TRANSFEREE COMPANY.
  - (c) The number of votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders against the Scheme.

#### **CONDUCT OF BUSINESS**

- 5. Until the Scheme is sanctioned and transfer is effected as aforesaid, the TRANSFEROR COMPANY shall carry on their business in the usual course and shall be deemed to be carrying on the said businesses for and on behalf of and in trust for the TRANSFEREE COMPANY with effect from the Transfer Date.
- 6. Any profit or income accruing or arising to the TRANSFEROR COMPANY and all costs, charges and expenses incurred and/or all accrued losses and also all losses arising or suffered by them since the Transfer Date shall for all purposes be treated as the

income, profits, costs, charges expenses or losses as the case may be of the TRANSFEREE COMPANY.

**COMPLIANCE WITH LEGAL PROVISIONS INCLUDING THE COMPANIES ACT, 1956 AND REGULATIONS PROMULGATED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA**

7. The Scheme has been framed in accordance with the existing legal provisions and the Regulations and Circulars issued by the Securities and Exchange Board of India, as applicable, shall be complied and voting by public shareholders through postal ballot and e-voting shall also be made available for the use and benefit of the shareholders and all material facts shall be disclosed in the explanatory statements sent to shareholders.

**EFFECT ON NON RECEIPT OF APPROVALS / SANCTIONS**

8. In the event of any of the above sanctions/ approvals not being obtained and or the Scheme not being sanctioned by the High Court and/or the order or orders not being passed as aforesaid, the Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and in connection with the Scheme

**EXPENSES CONNECTED WITH THE SCHEME**

9. All costs, charges and expenses of the TRANSFEROR COMPANY and the TRANSFEREE COMPANY respectively in relation to or in connection with the Scheme and of carrying out and implementing / completing the terms and provisions of the Scheme and or incidental to the completion of amalgamation of the said Undertakings of the TRANSFEROR COMPANY shall be to the account of the TRANSFEREE COMPANY.

**MISCELLANEOUS**

10. Upon sanction of the Scheme, the Authorised Share Capital of TRANSFEREE COMPANY shall stand enhanced by an amount of ₹16,50,00,000/- being the Authorised Share Capital of the TRANSFEROR COMPANY. The revised/enhanced Authorised Share Capital of the TRANSFEREE COMPANY shall be ₹ 46,50,00,000/- and its Memorandum of Association shall automatically stand amended accordingly. It is hereby clarified that the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purpose of effecting this amendment and no further resolution under Section 16, Section 94 or any other applicable provisions of the Act would be required to be separately passed, nor any registration fees/stamp duty etc shall be payable by the TRANSFEREE COMPANY.
11. On the approval of the Scheme by the shareholders of the TRANSFEROR COMPANY and the shareholders of the TRANSFEREE COMPANY pursuant to Section 391 of the Act, it shall be deemed that the said shareholders have also accorded all relevant consents under Sections 81(1-A) and any other provisions of the Act to the extent the same may be considered applicable.
12. The TRANSFEROR COMPANY and the TRANSFEREE COMPANY shall have liberty to apply to the Hon'ble High Court at Calcutta for necessary direction to remove all difficulties, if any, in implementing the Scheme.
13. The TRANSFEROR COMPANY and the TRANSFEREE COMPANY shall also take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.
14. Upon sanction of the Scheme and consequent dissolution of the TRANSFEROR COMPANY, name of the TRANSFEREE COMPANY shall be changed to 'GALLANTT UDYOG LIMITED', subject to compliance of Section 21 or any other applicable provisions of the Act.



FAIRNESS OPINION REPORT ON VALUATION FOR THE PROPOSED AMALGAMATION OF

of

GALLANTT UDYOG LIMITED

With

GALLANTT ISPAT LIMITED

By

GUINNESS CORPORATE ADVISORS PVT. LTD.  
(Formerly: Guinness Merchant Bankers Pvt. Ltd.)  
18, Deshapriya Park Road, 2<sup>nd</sup> Floor, Kolkata- 700 026  
Tel : +91-33-3001 5555; Fax: +91-33-30015531  
Email: [gmbpl@guinessonline.net](mailto:gmbpl@guinessonline.net); Website: [www.16anna.com](http://www.16anna.com)

August 7, 2013

SEBI Registered Category I Merchant Banker

SEBI Registration No: INM000011930



GUINNESS CORPORATE ADVISORS PRIVATE LIMITED  
(Formerly known as Guinness Merchant Bankers Private Limited)  
Registered Office: 18, Deshapriya Park Road, 2<sup>nd</sup> Floor, Kolkata - 700 026. Ph.: 033 30015555, FAX: 033 30015531 (w.e.f 01.03.2013)  
E-mail: [gmbpl@guinessonline.net](mailto:gmbpl@guinessonline.net)



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#### Notice to Reader

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Guinness Corporate Advisors Private Limited ("Guinness" / "GMBPL" or "Authors of the Report") is a SEBI registered 'Category I' Merchant banker in India and was engaged by Board of Directors of Gallantt Ispat Limited (herein after referred as "GIL") to prepare an Independent Fairness Opinion Report ("Report") with respect to providing an independent opinion and assessment as to fairness of Valuation Report and Swap ratio determined by M/s. Maroti & Associates, Chartered Accountants ("Maroti") an independent valuer for the purpose of intended proposed amalgamation of Gallantt Udyog Limited ("GUL") with Gallant Ispat Limited. GUL AND GIL are collectively referred as "Companies"

The Fairness Opinion Report ("Report") has been prepared on the basis of the review of information provided to Guinness and specifically the Report on Swap ratio (hereinafter referred as Valuation Report) prepared by Maroti as an independent valuer. The report does not give any valuation or suggest any swap ratio, However this report is limited to provide its fairness opinion on the Valuation Report.

The information contained in this Report is selective and is subject to updations, expansions, revisions and amendment. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.

This Report is based on data and explanations provided by the management and certain other data culled out from various websites believed to be reliable. Guinness has not independently verified any of the information contained herein. Neither the Company nor Guinness, nor affiliated bodies corporate, nor the directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information contained in the Report. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained in, or errors in or omissions from, this Report or based on or relating to the Recipients' use of this Report.

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#### Executive Summary

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|                        |                                                                                                                                                                        |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Purpose:               | Express an Independent Fairness Opinion and assessment with respect to fairness of Valuation Report and Swap ratio determined by Maroti for the proposed Amalgamation. |
| Name of the Companies: | Amalgamating Company: Gallantt Udyog Limited<br>Amalgamated Company: Gallantt Ispat Limited                                                                            |
| Amalgamated Business:  | GUL will amalgamate with GIL and this amalgamation will lead to synergies of operations and thus contribute to the profitability of the combined entity.               |



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#### Background of the Companies

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##### **GALLANTT ISPAT LIMITED**

Gallantt Ispat Limited, a Public Limited Company was incorporated on 11<sup>th</sup> February, 2005.

GIL is engaged in the business of manufacturing, selling, marketing of Iron & Steel Products & Agro Products like Flour, Bran etc. and is having Captive Power Plant. The registered office of the company is situated at 1, Crooked Lane, 2<sup>nd</sup> Floor, Room no.222 & 223, Kolkata-700069, India.

At present, Equity Shares of the company are listed on the BSE Limited ("BSE") and National Stock Exchange Limited ("NSE").

##### **GALLANTT UDYOG LIMITED:-**

Gallantt Udyog Limited, a limited company, was originally incorporated on 25<sup>th</sup> February, 2004 under the Companies Act, 1956.

The Company is engaged in the business of manufacturing, selling, marketing of Agro Products like Flour, Bran etc. and is also engaged into business of Real Estate. The registered office of the company is situated at 1, Crooked Lane, 2<sup>nd</sup> Floor, Room no.222 & 223, Kolkata-700069, India.

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#### Transaction Overview and Rational

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The Purpose of amalgamation is aimed at maximizing the value for the shareholders of companies by availing the benefits of economies of scale and synergies of operations.

In addition, the amalgamation will provide the enhancement in net worth of combined entity which would provide growth potential.

Also, the amalgamation will lead to more effective and centralised management and reduction of administrative expenses.

The amalgamation will enhance the capability of amalgamated company to invest in larger and sophisticated projects to ensure rapid growth and would consolidate its strategic strength.

The amalgamation would provide synergistic linkages besides economies in costs by combining the total business functions and the related activities and operations.

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#### Valuation Methodology & Explanation adopted by Maroti:

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Some of the methods considered by Maroti for arriving at fair value of shares of a company are as under:

1. Net Asset Value Method
2. Earning Basis Method





3. Market Value Method
4. Dividend Yield Method

The methods available for valuation are discussed in brief as under:

**1. THE NET ASSET VALUE (NAV) METHOD:**

The Net Asset Value or NAV of each shares is arrived at as of a particular date by calculating the networth of the company revising the same with current market value if there is any material impact and dividing networth with total no. of the paid up equity/equivalent equity shares issued by the company. The valuation of the shares of a company arrived at after adopting this method is a true and fair indicator of the value of the shares in respect of unlisted companies having low capital base.

**2. EARNING BASIS METHOD:**

Earning potential of the business is also important determinant in case of going concern for this purpose, both the performance of the company have to be analysed and then capitalised at an appropriate yield rate to arrive at the value of the business. The capitalisation rate so factored has to be decided depending upon various factors such as the earning trend in the industries, P/E ratios prevailing in the industry etc. This method is important in going concern having negligible changes in financial performance in previous years.

**3. MARKET VALUE METHOD:**

This method can be used for the valuation is by taking the average of the quotes in the stock markets over a period of time for company's shares and further adjusting them for the speculative factor. This method of valuation of the business is used on presumption that stock market quotations reflect the health of the business. This method cannot be used where the shares of the company are not quoted in the stock exchange. Further Market Value shall also be analysed in view of bull and bear factor. Generally in the bull phase market value may discounted and reasonable weightage be given as market value does not represent true position at the time of bull phase. However, at the time of bear phase high weightage with adequate premium may be given and a reasonable value of shares may be achieved.

**4. DIVIDEND YIELD METHOD:**

This method considers Return on Investment to the shareholders as an indicator of the value of the business. The return is purely based on the dividend policy of the company. For this purpose, average of the dividend payout are discounted at a certain rate to arrive at the value of the shares. The said discounting rate is arrived at considering various factors as mentioned above in case of valuation based earning method. However, this method is used only in case of valuation of minority interest, as the dividend policy does not always reflect the correct value of business.





#### Basis of Valuation and Assumptions made by Maroti:

For determining the fair value of the Shares in order to determine the fair exchange ratio for the amalgamation of GUL with GIL, Maroti has adopted the aforesaid methods in following manner.

- Both the GIL and GUL are under same group companies.
- GIL is listed with BSE Ltd and NSE Ltd., price of share in BSE Ltd., Break-up Value of per equity shares and P/E Capitalise Value is considered. To determine realistic price, average price of last one year traded in BSE till 21<sup>st</sup> June, 2013 and a Judgement of Supreme Court in case law of Hindustan Lever Employees Union Vs. Hindustan Lever Limited (1995), 83 com case no.30 is considered.
- For GUL and GIL, Maroti have based its valuation, on the Net Assets Value, Profit Earning Capacity Value (PECV) Method with Weighted Average Profit and Market Value coupled with the weights, the valuation of shares has been arrived as under:

#### Fair value per share

| Sr. No. | Name of Company     | Face Value (Rs.) | Fair Value per share (Rs.) |
|---------|---------------------|------------------|----------------------------|
| 1       | Gallantt Ispat Ltd. | 10               | 55.71                      |
| 2       | Gallantt Udyog Ltd. | 10               | 47.06                      |

Maroti is of the opinion that the exchange ratio based on such fair value of the shares as follows:

Five(5) Equity share of Gallant Ispat Limited can be allotted in lieu of every Six (6) Equity Share of Gallantt Udyog Ltd.

Based upon valuation carried out by Maroti , we are of the opinion that the purpose of the proposed amalgamation is fair, from a financial point of view.

The fairness of the Proposed Amalgamation is tested by:

- (1) Considering whether the Valuation methods adopted by Maroti depict a correct picture on the value of shares of companies.
- (2) Calculating the fair market value of companies.
- (3) Considering qualitative factors such as economies of scale of operations, synergy benefits that may result from the proposed amalgamation.





The rationale for Share Exchange ratio as explained above, will be issued as assumed by Maroti is justified.

We are in opinion that, Maroti is justified by taking the Net Assets Value, Profit Earning Capacity Value (PECV) method with Weighted Average Profit and Market Value with weights.

This being of our best of professional understanding, we hereby sign the Fairness Opinion Report on valuation for the proposed amalgamation as under.

For Guinness Corporate Advisors Pvt. Ltd.

Alka Mishra  
Vice President



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December 18, 2013

To,

|                                                                                                                                                                |                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Department of Listing Operations<br>National Stock Exchange of India Limited<br>"EXCHANGE PLAZA",<br>Bandra-Kurla Complex, Bandra (East),<br>Mumbai – 400 051. | Department of Listing Operations<br>Bombay Stock Exchange Limited<br>Floor 25, P J Towers,<br>Dalal Street,<br>Mumbai- 400 001. INDIA. |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|

**Complaints Report:**

From:- 26.11.2013 To 16.12.2013

**Part A**

| Sr. No. | Particulars                                        | Number |
|---------|----------------------------------------------------|--------|
| 1.      | Number of complaints received directly             | NIL    |
| 2.      | Number of complaints forwarded by Stock Exchange   | NIL    |
| 3.      | Total Number of complaints/comments received (1+2) | NIL    |
| 4.      | Number of complaints resolved                      | NIL    |
| 5.      | Number of complaints pending                       | NIL    |

**Part B**

| Sr. No. | Name of complainant | Date of complaint | Status (Resolved/Pending) |
|---------|---------------------|-------------------|---------------------------|
| 1.      | N.A.                | N.A.              | N.A.                      |
| 2.      | N.A.                | N.A.              | N.A.                      |
| 3.      | N.A.                | N.A.              | N.A.                      |

Thanking you,

Yours faithfully,

**GALLANTT ISPAT LIMITED**

GALLANTT ISPAT LTD.

Company Secretary

Nitesh Kumar

(COMPANY SECRETARY)

**GALLANTT ISPAT LIMITED**

1, CROOKED LANE, SECOND FLOOR, ROOM NOS. 222 & 223, KOLKATA - 700 069  
Tel. : 033-4064 2189, Telefax : 033-2231 2429, e-mail : gli@gallantt.com, Website : www.gallantt.com  
Factory : AL-5, Sector-23, Sahjanwa, District - Gorakhpur-Uttar Pradesh

BSE Limited Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India  
 T: +91 22 2272 1234 / 33 F: +91 22 2272 1003 www.bseindia.com  
 CIN NO:U67120MH2005PLC155188



DCS/AMAL/BS/24(f)/050/2014-15

May 20, 2014

The Company Secretary  
**Gallant Ispat Limited**  
 1, Crooked Lane, Second Flr,  
 Room No 222 & 223, Second Floor,  
 Kolkata 700069

Dear Sir / Madam,

Sub: Observation letter regarding the Scheme of Arrangement between Gallant Ispat Limited(GUL) and Gallant Udyog Limited(GIL)

We are in receipt of draft Scheme of Arrangement involving amalgamation of Gallant Udyog Limited (GUL) with the company.

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated May 02, 2014 & SEBI Circular No.CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated May 16, 2014 given the following comment(s) on the draft scheme of arrangement:

The matter has been examined by SEBI in light of the provisions under Part A, Annexure I of the aforesaid circular. Accordingly, SEBI's comments on the draft scheme are as under :

a) Classification of Shareholders of Unlisted Entity:

The Scheme envisages the merger of a promoter group entity with the listed entity. In the normal course, the share holders of the unlisted entity are to be treated as promoter/promoter group in the listed entity post the scheme of Arrangement. However, it was observed that some of the shareholders of unlisted entity are either forming part of the public category of the Listed entity since the IPO of the company or are share holders in the public category for a reasonable period of time. If these shareholders were also to be considered as Promoter/promoter group, an anomaly would arise wherein the same entity would be classified as both promoter and public.

In order to avoid such a dichotomy the request of the company vide letter dated March 26, 2014 to allow such common shareholders to be classified as part of the public category in the listed company has been acceded to. The company is advised to ensure compliance with the submissions made by them vide letter dated March 26, 2014.

b) In the instant case, the shareholders of the unlisted companies are receiving marketable securities of the listed company in lieu of the shares of the unlisted companies. In case Gallant Udyog Ltd had come with an IPO, promoter's share holding to the extent of 20% of paid-up capital of the post listed entity would have been locked-in for a period of three years and the remaining pre-issue shareholding of promoter and the entire pre-issue shareholding of the other shareholders would have been locked in for a period of one year.

Such a requirement is put in place to demonstrate the presence of the pre-issue shareholders after listing. Applying the same principles, in the instant case, promoters shareholding to the extent of 20% of the shares allotted to all the shareholders of Gallant Udyog Limited., (including the entities considered public at point a. above) shall be locked in for a period of three years and the remaining shares allotted pursuant to the Scheme of Arrangement shall be locked in for a period of one year from the date of receipt of listing/trading approval from the stock exchanges.

...2

CIN NO:U67120MH2005PLC155188

: 2 :

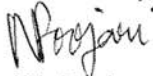
- *Company to ensure compliance with the above requirements and the said circular.*
- *The company shall duly comply with various provisions of the Circulars.*

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

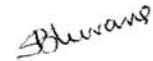
Further, you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its No-objection/approval 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.

Yours faithfully,



Nitin Pujari  
Manager



Bhuvana Sriram  
Dy. Manager



Ref: NSE/LIST/239345-W

May 21, 2014

The Company Secretary  
Gallantt Ispat Limited  
1, Crooked Lane,  
Second Floor,  
Room No. 222 & 223,  
Kolkata - 700069

**Kind Attn.: Mr. Nitesh Kumar**

Dear Sir,

**Sub.: Observation letter for Scheme of Amalgamation of Gallantt Udyog Limited with Gallantt Ispat Limited under sections 391 & 394 of the Companies Act, 1956**

This has reference to draft Scheme of Amalgamation of Gallantt Udyog Limited with Gallantt Ispat Limited under sections 391 & 394 of the Companies Act, 1956 submitted to NSE vide your letter dated November 25, 2013.

Based on our letter reference no NSE/LIST/225946-S submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 and SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI vide its letter dated May 16, 2014, has given following comments on the draft scheme of amalgamation:

"a) Classification of Share Holders of Unlisted entity:

The Scheme envisages the merger of a promoter group entity with listed entity. In the normal course, the share holders of the unlisted entity are to be treated as promoter/promoter group in the listed entity post the Scheme of Arrangement. However, it was observed that some of the share holders of unlisted entity are either forming part of the public category of the listed entity since the IPO of the company or are shareholders in the public category for a reasonable period of time. If these shareholders were also to be considered as Promoter / Promoter group, an anomaly would arise wherein the same entity would be classified as both promoter and public.

In order to avoid such a dichotomy the request of the company vide letter dated March 26, 2014 to allow such common shareholders to be classified as part of the public category in the listed company has been acceded to. The company is advised to ensure compliance with the submissions made by them vide letter dated March 26, 2014.

b) In the instant case, the shareholders of the unlisted companies are receiving marketable securities of the listed company in lieu of the shares of the unlisted companies. In case Gallant Udyog Ltd. had come with an IPO, promoter's share holding to the extent of 20% of the paid up capital of the post listed entity would have been locked-in for a period of three years and the remaining pre-issue share holding of promoter and the entire pre-issue share holding of the other share holders would have been locked in for a period of one year.



Such a requirement is put in place to demonstrate the presence of the pre-issue share holders after listing. Applying the same principles, in the instant case, promoters share holding to the extent of 20% of the shares allotted to all the shareholders of Gallant Udyog Ltd., (including the entities considered public at point a. above) shall be locked in for a period of three years and the remaining shares allotted pursuant to the Scheme of Arrangement shall be locked-in for a period of one year from the date of receipt of listing/trading approval from the stock exchanges.

c) The company shall duly comply with various provisions of the Circulars."

Accordingly, we do hereby convey our 'no-objection' with limited reference to those matters having a bearing on listing / delisting / continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the scheme with the Hon'ble High Court.

However, the Exchange reserves its right to withdraw this No-objection approval 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.

The validity of this "Observation Letter" shall be six months from May 21, 2014, within which the scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, you shall submit to NSE the following:

- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013.

Yours faithfully,  
For National Stock Exchange of India Limited

Kamlesh 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](http://www.nseindia.com/corporates/content/further_issues.htm)

This Document is Digitally Signed

## PRE AMALGAMATION SHAREHOLDING PATTERN OF GALLANTT UDYOG LIMITED

| Category Code                                                        | Category of Shareholder         | Pre-Amalgamation |                  |
|----------------------------------------------------------------------|---------------------------------|------------------|------------------|
|                                                                      |                                 | No. of Shares    | Shareholding (%) |
| (A) Promoters & Promoter Group                                       |                                 |                  |                  |
| 1. Indian                                                            |                                 |                  |                  |
|                                                                      | (a) Individual/HUF              | 4847158          | 43.833           |
|                                                                      | (b) Central/State Govt.         | Nil              | Nil              |
|                                                                      | (c) Bodies Corporate            | 3568700          | 32.272           |
|                                                                      | (d) Fin. Institutions/Bank      | Nil              | Nil              |
|                                                                      | (e) Any Other                   | Nil              | Nil              |
|                                                                      | (f) Trust                       | 132000           | 1.194            |
| Sub-Total of (A) (1)                                                 |                                 | 8547858          | 77.299           |
| 2. Foreign (A) (2)                                                   |                                 | Nil              | Nil              |
| Shareholding of Promoter & promoter Group (A) = (A)(1)+(A)(2)        |                                 | 8547858          | 77.299           |
| (B) Public Shareholding                                              |                                 |                  |                  |
| (1) Institutionals                                                   |                                 |                  |                  |
|                                                                      | (a) Mutual Funds/UTI            | Nil              | Nil              |
|                                                                      | (b) Fin.Institutions / Bank     | Nil              | Nil              |
|                                                                      | (c) Central Govt. / State Govt. | Nil              | Nil              |
|                                                                      | (d) Venture Capital             | Nil              | Nil              |
|                                                                      | (e) Insurance Company           | Nil              | Nil              |
|                                                                      | (f) Foreign Inst. Investors     | Nil              | Nil              |
|                                                                      | (g) Foreign VC Investors        | Nil              | Nil              |
|                                                                      | (h) Qualified Foreign Investors | Nil              | Nil              |
|                                                                      | (i) Any Other                   | Nil              | Nil              |
| Sub-Total of (B)(1)                                                  |                                 | Nil              | Nil              |
| (2) Non-Institutionals                                               |                                 |                  |                  |
|                                                                      | (a) Bodies Corporate            | 1999333          | 18.080           |
|                                                                      | (b) Individuals                 | 511000           | 4.621            |
|                                                                      | (c) Qualified Foreign Investors | Nil              | Nil              |
|                                                                      | (d) NRI/OCBs                    | Nil              | Nil              |
|                                                                      | (e) Trust                       | Nil              | Nil              |
| Sub-Total (B)(2)                                                     |                                 | 2510333          | 22.701           |
| Total Public Shareholding (B) = (B)(1)+(B)(2)                        |                                 | 2510333          | 22.701           |
| TOTAL (A) + (B)                                                      |                                 | 11058191         | 100.00           |
| (C) Shares held by Custodians and against which DRs have been issued |                                 |                  |                  |
|                                                                      | (1) Promoter / Promoter Group   | Nil              | Nil              |
|                                                                      | (2) Public                      | Nil              | Nil              |
| Grand Total (A)+(B)+(C)                                              |                                 | 11058191         | 100.00           |

## PRE AND POST AMALGAMATION SHAREHOLDING PATTERN OF GALLANTT ISPAT LIMITED

| Category Code                                                        | Category of Shareholder         | Pre-Amalgamation |                  | Post-Amalgamation (Expected) |                  |
|----------------------------------------------------------------------|---------------------------------|------------------|------------------|------------------------------|------------------|
|                                                                      |                                 | No. of Shares    | Shareholding (%) | No. of Shares                | Shareholding (%) |
| (A) Promoters & Promoter Group                                       |                                 |                  |                  |                              |                  |
| 1. Indian                                                            |                                 |                  |                  |                              |                  |
|                                                                      | (a) Individual/HUF              | 4570258          | 15.616           | 8620485                      | 30.530           |
|                                                                      | (b) Central/State Govt.         | Nil              | Nil              | Nil                          | Nil              |
|                                                                      | (c) Bodies Corporate            | 15747584         | 53.808           | 8475905                      | 30.018           |
|                                                                      | (d) Fin. Institutions/Bank      | Nil              | Nil              | Nil                          | Nil              |
|                                                                      | (e) Any Other                   | Nil              | Nil              | Nil                          | Nil              |
|                                                                      | (f) Trust                       | Nil              | Nil              | 110000                       | 0.390            |
| Sub-Total of (A) (1)                                                 |                                 | 20317842         | 69.424           | 17206390                     | 60.938           |
| 2. Foreign (A) (2)                                                   |                                 | Nil              | Nil              | Nil                          | Nil              |
| Shareholding of Promoter & promoter Group (A) = (A)(1)+(A)(2)        |                                 | 20317842         | 69.424           | 17206390                     | 60.938           |
| (B) Public Shareholding                                              |                                 |                  |                  |                              |                  |
| (1) Institutionals                                                   |                                 |                  |                  |                              |                  |
|                                                                      | (a) Mutual Funds/UTI            | Nil              | Nil              | Nil                          | Nil              |
|                                                                      | (b) Fin.Institutions / Bank     | 485              | 0.002            | 485                          | 0.002            |
|                                                                      | (c) Central Govt. / State Govt. | Nil              | Nil              | Nil                          | Nil              |
|                                                                      | (d) Venture Capital             | Nil              | Nil              | Nil                          | Nil              |
|                                                                      | (e) Insurance Company           | Nil              | Nil              | Nil                          | Nil              |
|                                                                      | (f) Foreign Inst. Investors     | 1325145          | 4.528            | 1325145                      | 4.693            |
|                                                                      | (g) Foreign VC Investors        | Nil              | Nil              | Nil                          | Nil              |
|                                                                      | (h) Qualified Foreign Investors | Nil              | Nil              | Nil                          | Nil              |
|                                                                      | (i) Any Other                   | Nil              | Nil              | Nil                          | Nil              |
| Sub-Total of (B)(1)                                                  |                                 | 1325630          | 4.530            | 1325630                      | 4.695            |
| (2) Non-Institutionals                                               |                                 |                  |                  |                              |                  |
|                                                                      | (a) Bodies Corporate            | 5057472          | 17.281           | 6723582                      | 23.812           |
|                                                                      | (b) Individuals                 | 1354102          | 4.626            | 1769011                      | 6.266            |
|                                                                      | (c) Qualified Foreign Investors | Nil              | Nil              | Nil                          | Nil              |
|                                                                      | (d) NRI/OCBs                    | 1193291          | 4.077            | 1193291                      | 4.226            |
|                                                                      | (e) Trust                       | Nil              | Nil              | Nil                          | Nil              |
|                                                                      | (f) Clearing Member/Corp.       | 18168            | 0.062            | 18168                        | 0.064            |
| Sub-Total (B)(2)                                                     |                                 | 7623033          | 26.047           | 9704052                      | 34.368           |
| Total Public Shareholding (B) = (B)(1)+(B)(2)                        |                                 | 8948663          | 30.576           | 11029682                     | 39.062           |
| TOTAL (A) + (B)                                                      |                                 | 29266505         | 100.000          | 28236072                     | 100.000          |
| (C) Shares held by Custodians and against which DRs have been issued |                                 | Nil              | Nil              | Nil                          | Nil              |
|                                                                      | (1) Promoter / Promoter Group   | Nil              | Nil              | Nil                          | Nil              |
|                                                                      | (2) Public                      | Nil              | Nil              | Nil                          | Nil              |
| Grand Total (A)+(B)+(C)                                              |                                 | 29266505         | 100              | 28236072                     | 100              |

To  
The Board of Directors,  
**GALLANTT ISPAT LIMITED**  
1, Crooked Lane, 2nd Floor  
Room No.222 & 223  
Kolkata-700069

Dear Sir,

Reg: Valuation of Shares of **Gallantt Udyog Limited (GUL) and Gallantt Ispat Limited (GIL)** and ratio of Exchange thereof for the purpose of amalgamation of **Gallantt Udyog Limited (GUL) with Gallantt Ispat Limited (GIL)**.

As requested by Gallantt Ispat Limited and Gallantt Udyog Limited (hereinafter collectively referred to as "the Companies"), we have undertaken the valuation exercise of the equity shares of GIL and GUL for the purpose set out in para 1 below.

**1. Purposes of Valuation :**

1.1 The above named Companies are considering a proposal for the amalgamation of GUL with GIL, pursuant to the provision of Section 391 to 394 of the Companies Act, 1956 (hereinafter referred to as the Amalgamation) subject to the necessary approvals, GUL is proposed to be merged with GIL with Transfer Date of April 1st, 2013.

1.2 As requested by the Companies, we have carried out a relative valuation of the equity shares of GIL with a view to recommending ratio of exchange in the event of Amalgamation GUL with GIL for the consideration of the Board of Directors of these companies.



1.3 The information contained herein and our report are strictly confidential . It is intended for the sole use and information for the Boards of the Companies, and in connection with the proposed Amalgamation as aforesaid including for the purpose of obtaining regulatory approvals for the proposed Amalgamation. We are not responsible to any other person/party for any decision of such person or party based on this report. Any person/party intending to provide Finance/Invest in the shares/businesses of any of the Companies shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is, hereby, notified that any reproduction/copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed Amalgamation as aforesaid, can be done only with our prior permission in writing.

**2. Source of Information :**

For the purpose of the valuation exercise, we have relied upon the following :

- (i) The audited financial statements of GIL for the accounting years ended 31st March 2013.
- (ii) The audited financial statement of GUL for the accounting years ended 31st March, 2013.
- (iii) Other relevant details regarding the companies such as their history, past and present activities, market quotations and other relevant information and data, including information in public domain.
- (iv) Market Trading Data of Gallantt Ispat Limited for 52 weeks ended on 21st June, 2013 as available in the website of The Bombay Stock Exchange Limited for the purpose of calculation of market value of shares of GIL.
- (v) Such other information and explanations, which we believed were relevant to the present exercise and which have been provided by the managements of GIL and GUL.



**3. Exclusions and Limitations :**

Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Our work does not constitute an audit or certification of the historical financial statements including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and result are specific to the purpose of valuation and the valuation date mentioned in the report is as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

Valuation analysis and results are also specific to the date of this report. A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trend in general and industry trends in particular. This report is issued on the understanding that the Companies have drawn our attention to all the matters, which may have an impact on our opinion, on the relative value of the equity shares of the Companies for the purpose of the proposed Amalgamation and including any significant changes that have taken place or are likely to take place in the financial position of the Companies, subsequent to the proposed appointed date for the Amalgamation. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

No investigation of the Companies' Claim to title of the assets has been made for the purpose of this valuation and the Companies claim to such right has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the liens disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed Amalgamation with the provisions of any law including Companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed Amalgamation.



We have not conducted or provided an analysis or prepared a model for any asset valuation and have wholly relied on information provided by the Companies that regard including the valuation report of any fixed assets provided by experts.

#### **4. Application of Various Methods for Valuation :**

Valuation of share is a result of combination of various factors and attended circumstances related to the business which is being valued. There can be no single method of share valuation, which may be universally applicable, valuation is an exercise, which is influenced to a great extent by affecting factors and thus is not an exact science or a pure mathematical exercise. The valuer has to further depend upon his judgment and imagination, Track record of the business, future growth and prospective ness of a particular Industry, Market Competition, Over all Market Condition to decide about the discounting / capitalization /Weighted rates to be applied for the valuation. Various methods which could be considered for the purpose of valuation are as below:-

A. Break up Value/Net Assets Value :- Break up Value/Net Asset Value of each shares is arrived at as of a particular date by calculating the net worth of the Company revising the same with current market value if there is any material impact and dividing net worth with the total no. of the paid up equity/ equivalent equity shares issued by the Company. The valuation of the shares of a Company arrived at after adopting this method is a true and fair indicator of the value of the shares in respect of unlisted companies having low capital base.

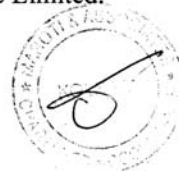
B. Earning Basis Method :- Earnings potential of the business is also important determinant in case of going concern for this purpose, both the Performance of the Company have to be analysed and then capitalised at an appropriate yield rate to arrive at the value of the business. The capitalisation rate so factored has to be decided depending upon various factors such as the earning trend in the industries, P/E ratios prevailing in the industry etc. This method is important in going concern having negligible changes in the financial performance in previous years.



C. Market Value Method :- This method can be used for the valuation is by taking the average of the quotes in the stock markets over a period of time for company's shares and further adjusting them for the speculative factor. This method of valuation of the business is used on presumption that stock market quotations reflect the health of the business. This method cannot be used where the shares of the company are not quoted in the stock Exchange. Further Market Value shall also be analyzed in view of bull & bear factor. Generally in the bull phase Market Value may be discounted and reasonable weightage be given as Market Value does not represent true Position at the time of bull Phase. However, at the time of bear Phase high weightage with adequate premium may be given and a reasonable value of share may be achieved.

D. Dividend Yield Method :- This method considers Return on Investment to the shareholders as an indicator of the value of the business. The return is purely based on the dividend policy of the company. For this purpose, average of the dividend payout is discounted at a certain rate to arrive at the value of the shares. The said discounting rate is arrived at considering various factors as mentioned above in case of valuation based earning method. However, this method is used only in case of valuation of minority interest, as the dividend policy does not always reflect the correct value of business.

In the present case, **Gallantt Udyog Limited**, the Transferor Company having its registered office at 1, Crooked Lane, 2nd Floor, Kolkata-700069 is engaged in the business of business of manufacturing, selling & marketing of Agro products like Flour, Bran etc. and Real Estate and is a Limited Company and **Gallantt Ispat Limited**, the Transferee Company having its registered office at 1, Crooked Lane, 2nd Floor, Kolkata-700069 is engaged in the business of business of manufacturing, selling and marketing of Iron & Steel Product, manufacturing, selling & marketing of Agro products like Flour, Bran etc. and Captive Power Plant and is a Listed Company having Trading of its Shares at Bombay Stock Exchange Limited and National Stock Exchange Limited.



we feel after considering all attendant & prevailing factors, that valuation arrived by calculating the Net Asset Value, Profit Earning Capacity Value and Market Value shall be prudent and reasonable for Gallantt Ispat Limited and for Gallantt Udyog Limited Net Assets Value Method and Profit Earning Capacity Value Method since Gallantt Udyog Limited is not a listed company and set out as Annexure-I and Annexure II. Both companies are manufacturing company with same promoters. GUL holds 1,02,45,592 Equity Shares of Gallantt Ispat Limited comprising 35.01 % of total Equity Capital of GIL. The benefits those will be accrued to the companies under the present scheme are as under :

- a) By proposed Scheme of Amalgamation the financial resources of all the Companies will be conveniently merged and pooled together leading to a more effective and centralised management and reduction of administrative expenses and overheads which are presently being multiplied because of separate entities. Hence it is being proposed to amalgamate the business i.e. the present Scheme is proposed to amalgamate the Transferor Company with the Transferee Company.
- b) Amalgamation will result in the larger pool of financial resources and will create a synergy which will enable the Amalgamated Company to grow and prosper at a faster pace.
- c) Amalgamation will also increase net worth and the borrowing capacity of the Amalgamated Company, hence shall lead to the expansion of its business at much faster rate.
- d) The Amalgamation of both the Companies would pave the way for better and more efficient utilization of larger resources and funds and would internally economize.
- e) The combined managerial and financial resources of both would enhance the capability of the Amalgamated Company to invest in larger and sophisticated projects to ensure rapid growth and would consolidate the strategic strength of the Amalgamated Company.



f) A larger Company would generate more confidence in investors and the persons dealing with the Company and would afford access to resources more easily and at lower costs.

g) It would also lead to growth prospects for the personnel and organizations connected with these companies and thus, be in the interest of and for the welfare of, the employees of the companies concerned in this Scheme, and will also be in the larger interest of the stakeholders .

Further Transferee Company and the Transferor Company are both under same group of companies.

As the Transferee Company is listed with The Bombay Stock Exchange Limited and National Stock Exchange Limited, those are a Nationwide Stock Exchanges. We have considered the Price of the Shares in the Bombay Stock Exchange Limited, Break-up value of per Equity Shares and P/E Capitalised Value. In order to determine realistic Price, Average Price of the last 1 year trading in the BSE till 21st June, 2013 and weightage given in the line of Supreme Court Judgement in the case law of Hindusthan Lever Employees Union vs. Hindusthan Lever Limited (1995), 83 com case no.30 is being considered and the value of Per Share arrived thereof is annexed in Separate Sheet :

We have checked the valuation of shares of Gallantt Udyog Limited and Gallantt Ispat Limited. The valuation of the above mentioned guidelines together with the Net Assets Value Method, Profit Earning Capacity Value (PECV) method and Market Value coupled with the weight considered reasonable, the valuation of shares (As per calculation sheet enclosed for each company) are as under :

|                               |              |
|-------------------------------|--------------|
| <b>Gallantt Udyog Limited</b> | <b>47.06</b> |
| <b>Gallantt Ispat Limited</b> | <b>55.71</b> |

According to the above valuation ignoring fractional difference. We would opine that the Ratio of Exchange is as follows :



**MAROTI & ASSOCIATES**  
Chartered Accountants

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'E' Block, 3rd Floor, Suite No. 2  
Kolkata - 700 001  
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Tel/Fax: (033) 2243-8371  
Mobile : 98310 48621  
Email : mkmaroti@sify.com  
mkmaroti@gmail.com

5 (Five) Equity Shares of Rs.10/- fully Paid-up of Gallantt Ispat Limited can be allotted in lieu of every 6 (Six) Equity Shares of Rs.10/- each fully Paid-up of Gallantt Udyog Limited.

Place : Kolkata  
Dated this 3rd day of July, 2013

**For MAROTI & ASSOCIATES**  
Chartered Accountants



M. K. Maroti, FCA  
M. No. 057073

Annexure - I

**GALLANTT UDYOG LIMITED**

**According to Audited Balance Sheet as on 31st March, 2013.**

NET ASSETS VALUE (NAV)

(Rs. in Lacs)

| Particulars              | Amount          | Particulars             | Amount           |
|--------------------------|-----------------|-------------------------|------------------|
| Total Assets             | 13385.55        | Share Capital           | 1105.82          |
| Less                     |                 | Reserve & Surplus       | 12167.47         |
| Long Term Borrowings     | 0.00            | Total                   | 13273.284        |
| Deferred Tax Liabilities | 0.00            | Less :                  |                  |
| Misc. Expenses not W/O.  | 0.00            | Misc. Expenses not W/O. | 0.00             |
| Current Liabilities      | 112.27          |                         |                  |
| <b>Total</b>             | <b>13273.28</b> | <b>Total</b>            | <b>13273.284</b> |

|                                                                                                               |          |
|---------------------------------------------------------------------------------------------------------------|----------|
| Net Worth of Equity                                                                                           | 13273.28 |
| Appreciation in the value of Investment in Gallantt Ispat Ltd.                                                | 313.00   |
| (10245592 Equity Shares of Rs.10/- valued @ Rs.55.71 per share as calculated in Annexure - II of this report) |          |
| Revised Net Worth                                                                                             | 13586.29 |
| No. of Shares                                                                                                 | 110.58   |
| Break-up Value per Share (Rs.)                                                                                | 122.86   |
| Profit earning Capacity Value                                                                                 | 9.17     |

**PROFIT EARNING CAPACITY VALUE (PECV)**

|                               |        |
|-------------------------------|--------|
| Profit Before Tax             | 128.35 |
| Provision for Tax             | 26.99  |
| Profit after Tax              | 101.36 |
| No. of Shares                 | 110.58 |
| Earning per share             | 0.92   |
| Capitalisation of EPS @ 10%   | 9.17   |
| Profit Earning Capacity Value | 9.17   |

**Calculation of Weighted Value**

|                                | Value  | Weight * | Weighted Value  |
|--------------------------------|--------|----------|-----------------|
| Break-up Value per Share (Rs.) | 122.86 | 1        | 122.86          |
| Profit earning Capacity Value  | 9.17   | 2        | 18.33           |
| <b>Total</b>                   |        |          | <b>47.06 \$</b> |

**\$ As Unlisted Company, Market Value is not applicable, hence not considered.**



Annexure - II

**GALLANTT ISPAT LIMITED**

According to Audited Balance Sheet as on 31st March, 2013.

NET ASSETS VALUE (NAV)

(Rs. in Lacs)

| Particulars                                       | Amount          | Particulars             | Amount          |
|---------------------------------------------------|-----------------|-------------------------|-----------------|
| Total Assets                                      | 44295.96        | Share Capital           | 2676.65         |
| Less                                              |                 | Reserve & Surplus       | 16415.85        |
| Long Term Borrowings                              | 9225.02         | Total                   | 19092.5         |
| Deferred Tax Liabilities                          | 1698.16         | Less :                  |                 |
| Misc. Expenses not W/O.                           | 53.27           | Misc. Expenses not W/O. | 53.27           |
| Current Liabilities                               | 14280.28        |                         |                 |
|                                                   | 25256.73        |                         |                 |
| <b>Total</b>                                      | <b>19039.23</b> | <b>Total</b>            | <b>19039.23</b> |
| Net Worth of Equity                               |                 |                         | 19039.23        |
| Fresh issue of 2500000 shares @ Rs.10/- per share |                 |                         | 250.00          |
| Revised Net Worth                                 |                 |                         | 19289.23        |
| No. of Shares                                     |                 |                         | 292.67          |
| Break-up Value per Share (Rs.)                    |                 |                         | 65.91           |
| Profit earning Capacity Value                     |                 |                         | 43.82           |

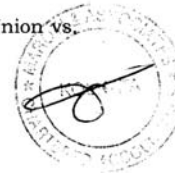
**PROFIT EARNING CAPACITY VALUE (PECV)**

|                               |         |
|-------------------------------|---------|
| Profit Before Tax             | 1515.36 |
| Provision for Tax             | 342.54  |
| Profit after Tax              | 1172.82 |
| No. of Shares                 | 267.67  |
| Earning per share             | 4.38    |
| Capitalisation of EPS @ 10%   | 43.82   |
| Profit Earning Capacity Value | 43.82   |

**Calculation of Weighted Value**

|                                | Value | Weight * | Weighted Value |
|--------------------------------|-------|----------|----------------|
| Break-up Value per Share (Rs.) | 65.91 | 1        | 65.91          |
| Profit earning Capacity Value  | 43.82 | 2        | 87.63          |
| Market Value #                 | 62.50 | 2        | 125.00         |
| #as per separate sheet         |       |          |                |
| <b>Total</b>                   |       |          | <b>55.71</b>   |

\* Supreme Court Judgement in the case law of Hindusthan Lever Employees Union vs. Hindusthan Lever Limited (1995), 83 com case no.30



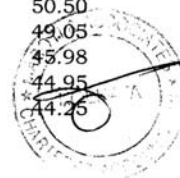
# MAROTI & ASSOCIATES

Chartered Accountants

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Mobile : 98310 48621  
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mkmaroti@gmail.com

## # CALCULATION OF MARKET VALUE OF SHARES OF GALLANTT ISPAT LTD.

| Week Ended on | CLOSING PRICE        |                     | CLOSING PRICE           |
|---------------|----------------------|---------------------|-------------------------|
|               | Weekly High<br>(Rs.) | Weekly Low<br>(Rs.) | Weekly Agerage<br>(Rs.) |
| 21/06/2013    | 86.00                | 80.65               | 83.33                   |
| 14/06/2013    | 81.90                | 80.00               | 80.95                   |
| 7/6/2013      | 81.85                | 75.00               | 78.43                   |
| 31/05/2013    | 75.10                | 75.00               | 75.05                   |
| 24/05/2013    | 75.80                | 69.50               | 72.65                   |
| 17/05/2013    | 73.90                | 66.85               | 70.38                   |
| 10/5/2013     | 71.10                | 69.50               | 70.30                   |
| 3/5/2013      | 67.70                | 64.70               | 66.20                   |
| 26/04/2013    | 79.00                | 66.00               | 72.50                   |
| 19/04/2013    | 76.95                | 68.50               | 72.73                   |
| 12/4/2013     | 83.00                | 70.00               | 76.50                   |
| 5/4/2013      | 79.50                | 73.55               | 76.53                   |
| 29/03/2013    | 74.65                | 62.45               | 68.55                   |
| 22/03/2013    | 80.30                | 60.00               | 70.15                   |
| 15/03/2013    | 80.80                | 74.80               | 77.80                   |
| 8/3/2013      | 71.55                | 64.35               | 67.95                   |
| 1/3/2013      | 76.00                | 70.00               | 73.00                   |
| 22/02/2013    | 77.40                | 75.00               | 76.20                   |
| 15/02/2013    | 76.05                | 71.00               | 73.53                   |
| 8/2/2013      | 71.85                | 70.60               | 71.23                   |
| 1/2/2013      | 70.60                | 69.80               | 70.20                   |
| 25/01/2013    | 72.85                | 69.50               | 71.18                   |
| 18/01/2013    | 73.00                | 68.00               | 70.50                   |
| 11/1/2013     | 72.25                | 66.15               | 69.20                   |
| 4/1/2013      | 71.90                | 66.15               | 69.03                   |
| 28/12/2012    | 74.70                | 66.50               | 70.60                   |
| 21/12/2012    | 67.65                | 61.00               | 64.33                   |
| 14/12/2012    | 63.00                | 60.00               | 61.50                   |
| 7/12/2012     | 64.20                | 60.00               | 62.10                   |
| 30/11/2012    | 64.75                | 59.00               | 61.88                   |
| 23/11/2012    | 64.90                | 57.65               | 61.28                   |
| 16/11/2012    | 66.15                | 61.35               | 63.75                   |
| 9/11/2012     | 66.90                | 64.50               | 65.70                   |
| 2/11/2012     | 66.50                | 64.25               | 65.38                   |
| 26/10/2012    | 65.85                | 56.50               | 61.18                   |
| 19/10/2012    | 64.30                | 58.05               | 61.18                   |
| 12/10/2012    | 55.05                | 48.25               | 51.65                   |
| 5/10/2012     | 52.00                | 49.00               | 50.50                   |
| 28/09/2012    | 51.70                | 46.40               | 49.05                   |
| 21/09/2012    | 46.00                | 45.95               | 45.98                   |
| 14/09/2012    | 46.00                | 43.90               | 44.95                   |
| 7/9/2012      | 45.50                | 43.00               | 44.25                   |



# MAROTI & ASSOCIATES

Chartered Accountants

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|              |                |       |                |
|--------------|----------------|-------|----------------|
| 31/08/2012   | 43.90          | 41.40 | 42.65          |
| 24/08/2012   | 43.90          | 42.00 | 42.95          |
| 17/08/2012   | 43.35          | 42.70 | 43.03          |
| 10/8/2012    | 43.95          | 42.00 | 42.98          |
| 3/8/2012     | 45.00          | 42.00 | 43.50          |
| 27/07/2012   | 44.95          | 42.10 | 43.53          |
| 20/07/2012   | 45.95          | 44.00 | 44.98          |
| 13/07/2012   | 45.90          | 43.25 | 44.58          |
| 6/7/2012     | 47.45          | 43.00 | 45.23          |
| 3/7/2012     | 47.45          | 47.00 | 47.23          |
| <b>TOTAL</b> | 52 Weeks       |       | <b>3249.88</b> |
|              | Weekly Average |       | 62.50          |



Company Application No. 449 of 2014  
with  
Company Application No. 369 of 2014  
**IN THE HIGH COURT AT CALCUTTA**  
**ORIGINAL JURISDICTION**

In the Matter of the Companies Act, 1956;

And

In the Matter of an application under Sections 391(1) and 393 of the said Act;

And

In the Matter of:

GALLANTT UDYOG LIMITED, a company incorporated under the provisions of the Companies Act, 1956, having its registered office at 1, Crooked Lane, 2nd floor, Room Nos. 222 and 223, Kolkata 700 069 within the aforesaid jurisdiction.

And

In the Matter of:

GALLANTT ISPAT LIMITED, a company incorporated under the provisions of the Companies Act, 1956, having its registered office at 1, Crooked Lane, 2nd floor, Room Nos. 222 and 223, Kolkata 700 069 within the aforesaid jurisdiction.

And

In the Matter of:

1. Gallantt Udyog Limited
2. Gallantt Ispat Limited

**FORM OF PROXY**

I/We, the undersigned, being a Equity Shareholder(s) of Gallantt Ispat Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ and failing him/her \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy, to act for me/us at Court convened meeting of Equity Shareholders of Gallantt Ispat Limited to be held at Manthan Hotel and Restaurant, 3, Waterloo Street, Dalhousie, Kolkata - 700069 on the 8th day of November, 2014 at 11:00 am for the purpose of considering and, if thought fit, approving with or without modification a Scheme of Amalgamation between Gallantt Udyog Limited and Gallantt Ispat Limited and as such meeting and any adjournment thereof, to vote, for me/us and in my/our name \_\_\_\_\_

\_\_\_\_\_ (here, "if for" insert "for", "if against", insert "against", and in the latter case, strike out the words below after, "Amalgamation") the said Amalgamation either with or without modification as my proxy may approve.

(Strike out what is not necessary)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Name :

Address :

Affix Re. 1  
Revenue  
Stamp

|               |  |                      |  |
|---------------|--|----------------------|--|
| DP ID No      |  | Regd. Folio No.      |  |
| Client ID No. |  | No. of share(s) Held |  |

Signatures of Shareholder(s) Sole/First Holder :

Second Holder :

Third Holder :

Signature of Proxy Proxy :

**Notes:**

1. Please affix revenue stamp before putting Signature.
2. All alterations made in the form of proxy should be initialled.
3. The Proxy must be deposited at the Registered Office of Gallantt Ispat Limited at 1, Crooked Lane, 2nd floor, Room Nos. 222 and 223, Kolkata-700 069 at least 48 (forty-eight) hours before the time for holding the Court Convened Meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be a shareholder of Gallantt Ispat Limited.

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**GALLANTT ISPAT LIMITED**

CIN: L27109WB2005PLC101650

Registered Office : 1, Crooked Lane, Second Floor, Room No. 222 &amp; 223, Kolkata - 700069

Website: www.gallantt.com; Email: nitesh@gallantt.com

**ATTENDANCE SLIP****PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL**

|               |  |                      |  |
|---------------|--|----------------------|--|
| DP ID No      |  | Regd. Folio No.      |  |
| Client ID No. |  | No. of share(s) Held |  |

NAME AND ADDRESS OF EQUITY SHAREHOLDER (IN BLOCK LETTERS)

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NAME AND ADDRESS OF PROXY HOLDER \* (IN BLOCK LETTERS, to be filled in by the Proxy attending instead of the Equity Shareholder)

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I/We hereby record my/our presence at the Court Convened Meeting, pursuant to the the Order dated 10th June, 2014 as modified vide order dated 26th August 2014 passed by the Hon'ble High Court at Calcutta, of the equity shareholders of Gallantt Ispat Limited on the 8th day of November, 2014 at 11:00 am at Manthan Hotel and Restaurant, 3, Waterloo Street, Dalhousie, Kolkata – 700069.

Signature of the Equity Shareholder or Proxy: \_\_\_\_\_

\* Applicable for shareholders holding share(s) in dematerialised form.

**NOTES:**

1. Shareholders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after affixing their signature on it.
2. Shareholders who come to attend at the meeting are requested to bring with them copy of the notice & Scheme of Amalgamation.

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