

GIL/KOL/2018-19

August 24, 2018

Mr. Gopalkrishnan Iyer – General Manager
Bombay Stock Exchange Limited
Floor 25, P J Towers,
Dalal Street,
Mumbai- 400 001. INDIA.

Mr. Hari K. – Vice President Listing
National Stock Exchange of India Limited
"EXCHANGE PLAZA",
Bandra – Kurla Complex, Bandra (East),
Mumbai- 400 051. INDIA.

Sir,

Sub: Update on Payment of Subsidy and Decision of the Honorable Supreme Court

This is in continuation of our earlier submission on update on Scheme of Subsidy.

REITERATION OF FACT: *The Govt. of Uttar Pradesh has declared our unit eligible for subsidy under the Industrial Policy of the Government declared vide G.O. No.2941/77-6-2006-10/tax/04 dated 30.11.2006 in the meeting of the High Power Committee held on 10th November, 2009 and have sanctioned an amount of Rs.24.28 Crores as part disbursement against the subsidies. Since the company is declared eligible under the scheme, it is entitled to get the following benefits of the scheme.*

SUBSIDIES EQUIVALENT TO 100% OF FIXED CAPITAL INVESTMENT (in our case it is Rs. 350.37 Crores) is available in following form of:

- 20% of Capital Subsidy of fixed capital investment.
- Reimbursement of actual amount incurred on the development of infrastructure facilities like Land, Road, Power, Water etc subject to the maximum 10% of the fixed capital investment.
- 5% additional Capital Subsidy of fixed capital investment being the first unit under this scheme.
- Transport subsidy equivalent to the freight paid on import of raw material; i.e. iron ore from outside the state for a period of 15 years.
- **Interest Free Loan** equivalent to commercial taxes for a period of 15 years, repayable after 15 years not exceeding to 100% of the fixed capital investment is available to the eligible units (in our case Rs. 350.37 Crores).

***As discussed above Company is entitled for a total financial benefit of Rs. 700.74 Crores (subsidy amounting to Rs. 350.37 Crores and Interest Free Loan repayable after 15 years amounting Rs. 350.37 Crores).**

EARLIER DECISION AND ACTIVITIES

Several deliberations and litigations took place and several orders passed by the Honorable Courts in the matter of subsidy under the said Scheme/ Policy of the State Government of Uttar Pradesh. And at the conclusion, the Honorable High Court of

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 : gil@gallantt.com, Website : www.gallantt.com
Factory : AL-5, Sector-23, Sahjanwa, District - Gorakhpur-Uttar Pradesh
Corporate Identification No. : L27109WB2005PLC101650

GALLANTT ISPAT LIMITED
Company Secretary

Allahabad, Lucknow Bench has passed its order dated 22.03.2018 in favour of the Company with following directions, in brief, to the State Government of Uttar Pradesh:

1. *The State shall now proceed to grant the benefit of subsidies and interest-free loan to the petitioners as promised by it vide government order dated 1.6.2006 as amended from time to time, read with the government order dated 3.8.2007*
2. *The question of eligibility of the petitioners for such benefit is not open for consideration by the State any more.*
3. *As regards the subsidies, the calculation shall be made in terms of the aforesaid Policy and the said benefits shall be extended to the petitioners, accordingly (entitlement on the investments till 31.05.2012 under the Government Order dated 03.08.2007)*
4. *Compliance of this judgment shall be made within 3 months from the date a certified copy of this order is submitted.*
5. *State Government will not turn this into an unending litigation betraying the trust reposed by industrial units in it and leading to unnecessary wastage of time, energy and money before the Courts.*

PRESENT STATUS OF THE BENEFIT OF THE SCHEME

Being felt aggrieved by the Order of Honorable High Court dated March 22, 2018, the State Government of Uttar Pradesh moved Special Leave Petition with the Honorable Supreme Court. While hearing the contentions of the parties, passed the following order on 21.08.2018

The Honorable Supreme Court ordered –

"Issue notice in so far as interest free loan aspect of the case is concerned."

"To the aforesaid extent, the order of the High Court shall remain stayed."

Meaning thereby Honorable Supreme Court has refused to intervene into the matter of subsidy and upheld the order dated March 22, 2018 passed by the Honorable High Court to this extent, however Honorable Supreme Court have agreed only to examine the interest free loan aspect of the case further hearing is fixed after six weeks and date of hearing is likely to be listed on October 08, 2018.

This is further to mention that the original policy provides automatic conversion of due commercial taxes into interest free loan for a period of fifteen years. Whereas the State Government has modified the same to the extent that at first to deposit the tax and then they will provide interest free loan equivalent to the amount of tax deposited.

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Only dispute to be settled by the Honorable Supreme Court is whether commercial tax required to be deposited at once and take refund as interest free loan or the amount of commercial taxes shall be automatically converted into Interest Free Loan.

Please note that whatever be the order of the Honorable Supreme Court in the matter, it will in no way affect and the Company will be availing Interest Free Loan.

As per order of the Honorable Supreme Court entitlement of the Company for subsidy is now clearly established and undisputed. Company has complied with necessary formalities with the regard to the claiming of subsidy and necessary applications have been filed with the State Government for disbursal of Subsidy.

After this winning judgment for the Company and other petitioners, no legal hurdles exist and the State Government of Uttar Pradesh is bound to release and disburse Capital Subsidy, Infrastructure Subsidy and Transport Subsidy amounting to Rs. 326.09 Crores (Total amount of claimed subsidy Rs. 350.37 Crores less Rs. 24.028 Crores already received) including interest accrued on the delayed disbursal of the subsidy as per the said Government Policy (apart from reimbursement of VAT amount already deposited with the State Government against Interest Free Loan).

Please acknowledge the receipt of this intimation and oblige.

Thanking you,

Yours faithfully,

For **GALLANTT ISPAT LIMITED**

GALLANTT ISPAT LTD.

Company Secretary

Nitesh Kumar

COMPANY SECRETARY

GALLANTT ISPAT LIMITED

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ITEM NO.2

COURT NO.2

SECTION XI

S U P R E M E C O U R T O F I N D I A
R E C O R D O F P R O C E E D I N G S

Petition for Special Leave to Appeal (C) No.19204/2018

(Arising out of impugned final judgment and order dated 22-03-2018 in MB No.27962/2016 passed by the High Court of Judicature at Allahabad, Lucknow Bench)

STATE OF UTTAR PRADESH & ORS.

Petitioner(s)

VERSUS

M/S VACMET INDIA LIMITED INCORPORATED
UNDER COMPANIES ACT, 1956 & ANR.

Respondent(s)

(FOR ADMISSION and I.R. and IA No.100475/2018-EXEMPTION FROM FILING O.T. and IA No.100473/2018-PERMISSION TO FILE SYNOPSIS AND LIST OF DATES)

WITH

SLP(C) No. 20011/2018 (XI)

(FOR ADMISSION and I.R. and IA No.103908/2018-EXEMPTION FROM FILING O.T. and IA No.103907/2018-PERMISSION TO FILE SYNOPSIS AND LIST OF DATES)

SLP(C) No. 19796/2018 (XI)

(FOR ADMISSION and I.R. and IA No.102617/2018-EXEMPTION FROM FILING O.T. and IA No.102611/2018-PERMISSION TO FILE LENGTHY LIST OF DATES)

SLP(C) No. 20711/2018 (XI)

(FOR ADMISSION and I.R. and IA No.107371/2018-EXEMPTION FROM FILING O.T. and IA No.107370/2018-PERMISSION TO FILE LENGTHY LIST OF DATES)

SLP(C) No. 19602/2018 (XI)

(FOR ADMISSION and I.R. and IA No.102270/2018-EXEMPTION FROM FILING O.T. and IA No.102266/2018-PERMISSION TO FILE LENGTHY LIST OF DATES)

SLP(C) No. 19401/2018 (XI)

(FOR ADMISSION and I.R. and IA No.101714/2018-EXEMPTION FROM FILING O.T. and IA No.101709/2018-PERMISSION TO FILE LENGTHY LIST OF DATES)

SLP(C) No. 19763/2018 (XI)

(FOR ADMISSION and I.R. and IA No.102480/2018-EXEMPTION FROM FILING O.T. and IA No.102478/2018-PERMISSION TO FILE LENGTHY LIST OF

Signatures)

SLP(C) No. 19822/2018 (XI)

(FOR ADMISSION and I.R. and IA No.102745/2018-EXEMPTION FROM FILING O.T. and IA No.102742/2018-PERMISSION TO FILE LENGTHY LIST OF DATES)

Digitally signed by
POOJA KUMAR
Date: 2018.03.21
17:36:21
Reason:

GALLANTT ISPAT LTD.
[Signature]
Company Secretary

Date : 21-08-2018 These petitions were called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE RANJAN GOGOI
HON'BLE MR. JUSTICE NAVIN SINHA
HON'BLE MR. JUSTICE K.M. JOSEPH

For Petitioner(s) Mr. Tushar Mehta, ASG
Mr. Ardhendumauli Kumar Prasad, AOR

For Respondent(s) Mr. P. Chidambaram, Sr. Adv.
Mr. K.V. Viswanathan, Sr. Adv.
Mr. Siddharth Bhatnagar, Adv.
Mr. R.N. Karanjawala, Adv.
Ms. Nandini Gore, Adv.
Mr. Abhinay Sharma, Adv.
Ms. Khushboo Bari, Adv.
Mr. Mandeep Kalra, Adv.
Mr. Jasvir Singh, Adv.
Ms. Manik Karanjawala, Adv.
M/S. Karanjawala & Co., AOR

Mr. Ajay Bhargava, Adv.
Mr. Rony P. John, Adv.
Ms. Gauri P. Desai, Adv.
M/S. Khaitan & Co., AOR

Mr. Tanuj Bhushan, Adv.
Ms. Nandita Chouhan, Adv.
Ms. Nimrah Alvi, Adv.
Mr. S. S. Shroff, AOR

Mr. Shekhar Prit Jha, AOR
Ms. Himani Mishra, Adv.

UPON hearing the counsel the Court made the following
O R D E R

Heard learned counsel for the parties and perused the
relevant material.

Application for exemption from filing official
translation is allowed.

Permission to file lengthy list of dates is granted.

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Issue notice in so far as interest free loan aspect of the case is concerned.

To the aforesaid extent, the order of the High Court shall remain stayed.

Notice is made returnable in six weeks.

(POOJA ARORA)
COURT MASTER

(ASHA SONI)
BRANCH OFFICER

GALLANTT ISPAT LTD.

Company Secretary