

February 8, 2021

माघ – कृष्णपक्ष- द्वादशी
विक्रम सम्वत् २०७७

National Stock Exchange of India Limited
“Exchange Plaza”
Bandra – Kurla Complex,
Bandra (E), Mumbai – 400 051
NSE Code: GHCL

BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring, Rotunda Building,
P.J. Towers,
Dalal Street, Fort, Mumbai – 400 001
BSE Code: 500171

Dear Sir / Madam,

Subject: Order of the National Company Law Tribunal, Ahmedabad Bench (NCLT) on first motion application to the proposed Scheme of Arrangement between GHCL Limited ('GHCL' or 'Demerged Company') and GHCL Textiles Limited ('GHCL Textiles' or 'Resulting Company') and their respective shareholders and creditors ('Scheme')

We would like to inform you that the Board of Directors of the Company at their meeting held on March 16, 2020 had approved a Scheme of Arrangement u/s 230-232 of the Companies Act 2013. The Company had filed the first motion application on December 22, 2020 with NCLT Ahmedabad (Gujarat). Hon'ble NCLT has pronounced the order on January 22, 2021, and directed to convene shareholders, secured creditors and unsecured creditors meeting on April 8, 2021.

We would like to update that immediately after obtaining copy of the NCLT order on January 27, 2021, we had updated to our Board of Directors in their meeting held on January 28, 2021 and necessary intimation was given immediately after the board meeting to the Stock Exchange about said NCLT order through note no. 4 of the financial results. Copy of the NCLT order is enclosed herewith for your reference & record.

You are requested to kindly take the above on record.

Thanking You,

Yours Faithfully,

For GHCL Limited



Bhuneshwar Mishra
Sr. GM-Sustainability & Company Secretary

Free of Cost Copy

NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
COURT 1

44
27/01/2021

C.A.(CAA)/1(AHM)2021

Coram: MADAN B. GOSAVI, MEMBER (JUDICIAL)
VIRENDRA KUMAR GUPTA, MEMBER (TECHNICAL)

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING THROUGH VIDEO CONFERENCING BEFORE THE
AHMEDABAD BENCH OF THE NATIONAL COMPANY LAW TRIBUNAL ON 22.01.2021

Name of the Company:

GHCL Ltd
GHCL Textiles Ltd

Section:

230-232 of Companies Act, 2013

ORDER

The case is fixed for pronouncement of order.

The order is pronounced in open court vide separate sheet.

(VIRENDRA KUMAR GUPTA)
MEMBER (TECHNICAL)

(MADAN B. GOSAVI)
MEMBER (JUDICIAL)

Dated this the 22nd day of January, 2021.



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
AHMEDABAD
COURT NO.1**

CA (CAA) NO.1 of 2021

(Application under section 230-232 of Companies Act, 2013)

M/s GHCL Limited.

(CIN L24100GJ100GJ1983PLC006513)

A Company incorporated under,
The Companies Act, 1956
Having a registered office at,
GHCL House, opposite Punjabi Hall,
Navangpura, Ahmedabad
Gujarat- 380009

.....Applicant Demerged Company

AND

M/s GHCL Textiles Limited

(CIN U18101GJ2020PLC114004)

Having a registered office at,
A Company incorporated under,
The Companies Act, 2013
Having a registered office at,
GHCL House, opposite Punjabi Hall,
Navangpura, Ahmedabad
Gujarat- 380009

... Applicant Resulting Companies

**Order reserved on 13.01.2020
Order pronounced on 22.01.2021**

**CORAM: Madan B. Gosavi (Member Judicial)
Virendra Kumar Gupta (Member Technical)**

Appearance

Appearance: Ld. Advocate Ms. Swati Soparkar appeared for the
Applicant Companies.



ORDER
[Per Bench]

1. This joint Application has filed by Applicant Companies under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as "**the Act**") read with The Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016 (hereinafter referred to as "**CAA rules**") Seeking directions for holding and convening the meetings of secured, unsecured as well as share holders of the applicant demerged Company for approving the scheme with or without modification(s) and for dispensation of meetings of the shareholders of the equity share holders of the applicant demerged company.
2. The Scheme of Arrangement involves De-merger, Transfer, and vesting of the Textile Business Undertaking of M/s GHCL Limited (**Demerged Company**) to M/s GHCL Textiles Limited (Resulting Company) which is the Wholly Owned Subsidiary of M/s GHCL Limited; for consideration in form of issue of shares to the shareholders of the De-merged Company. The Scheme further envisages cancellation of the capital currently held by the De-merged Company in the Resulting Company after such issue of shares and listing of the new shares to be issued by the Resulting



Company to all the existing shareholders of the De-merged Company.

3. The registered office of both the Applicant Companies is situated in the state of Gujarat, and hence both applicant companies are under the jurisdiction of the National Company Law Tribunal, Bench at Ahmedabad.
4. It is submitted by the applicant companies that both the companies are empowered by their respective Memorandum of Associations to enter into the Scheme of Arrangement. The Audited Financial Statements of the Applicant De-merged Company as on 31st March 2020 and Provisional unaudited financial statements as on 30th September 2020 of both the companies are also placed on record.
5. It is submitted that both these companies belong to the same group of management. The Applicant Resulting Company is the wholly-owned subsidiary of the Applicant De-merged Company. The De-merged Company is engaged in the business of (i) manufacture and sale of inorganic chemicals (including but not limited to Soda Ash (Dense grade and Light grade), Sodium Bicarbonate, Industrial Salt and Consumer Products) (**Chemical Business**) and (ii) manufacture and sale of textiles (including but



not limited to yarn manufacturing along with weaving, processing, cutting and sewing of home textiles products) (**'Textiles Business'**).

6. The Rationale of this Scheme of Arrangement has been set out in the application as under:

I. The two business verticals, of the Applicant De-merged Company namely Chemical and Textiles, require different business strategies. The Chemical business is highly capital driven with a long gestation period and the textile business, on the other hand, is dynamic, more volatile to domestic and international market conditions, heavily dependent on product innovations and development, which require different skill sets and capabilities.

II. The Management believes that the risk and reward associated with each of the aforesaid business verticals are different and are at different maturity stages in their life cycles. Both business verticals have a distinct attractiveness to a divergent set of investors. To unlock the potential of each business vertical, management intends to demerge the Textiles Business, on a going concern basis, into its wholly-owned subsidiary, with a resultant mirror image shareholding, and



whose shares would be listed on the Stock Exchange after the demerger.

III. The Scheme is expected to result in The following benefits, amongst others, :-

- a. Facilitate focused growth
- b. Rationalization of operations with a greater degree of operational efficiency and optimum utilization of various resources.
- c. Right customer attention resulting in deeper market penetration.
- d. Creating and enhancing stakeholder's value by unlocking the intrinsic value of its core businesses and listing of shares of the Resulting Company;
- e. The proposed arrangement is in the interest of the shareholders, creditors, employees, and other stakeholders in both of the companies.

7. The Valuation Report for the proposed Entitlement Ratio of Equity Shares, being just and reasonable has been provided by M/s. N. S. Kumar & Co., Chartered Accountants, as well as Mr. Niranjana Kumar, as a Registered Valuer. The Fairness Opinions form of a certificate is issued by Keynote Financial Services Limited, a SEBI registered Category-I Merchant Banker, dated March 16, 2020.



8. The applicant companies submitted that the proposed Scheme of Arrangement was placed before the Audit Committee of the Applicant De-merged Company and thereafter before the Board of Directors of the De-merged Company on 16th March 2020. The Board of Directors of the Resulting Company, being a newly incorporated company approved the Scheme on 7th July 2020. The Board of Directors of both the Applicant Companies passed a resolution, resolved that the Scheme of Arrangement be placed before this Tribunal for directions as per prayer clause of the application.
9. It is evident from the records that the scheme has already been submitted in respect of demerged company to the competition commission of India. The Competition Commission given its observations vide letter dated 29.09.2020, wherein no adverse observations were made.
10. It is stated in the Application that no proceedings or investigations are pending against any of the Applicant Companies under sections 210-217, 219, 220, 223 to 227 of the Companies Act, 2013 and/or under sections 235 to 251 of the Companies Act, 1956. It is also submitted that there are no winding-up proceedings or any



proceedings under the Insolvency and Bankruptcy Code pending against any of the Applicant Companies.

11. The Applicant De-merged Company is a listed Public Limited Company and its shares are listed at BSE Limited and National Stock Exchange of India Limited. The said Applicant Company had submitted the Scheme to both the aforesaid stock exchanges for approval. Both the stock exchanges have their respective Observation vide letters dated 19th November 2020 approved the proposed Scheme of Arrangement. However, the both the stock Exchanges directed to add the two paras in the scheme which have already been added by the applicant companies in the scheme at para 5.6. The para which were directed to be add in the scheme are as under;

I. The shares allotted pursuant to the scheme shall remain frozen in the depository system till listing/ Trading permission is given by the designated stocks exchange.

II. There shall be no change in the shareholdings pattern of GHCL Textiles Ltd. Between the record date and the listing which may affect the status of the approval.



12. The Ld. Counsel of the applicant companies has submitted based on the certificate issued by the Chartered Accountant that the

details of shareholders and creditors of both the petitioner companies as under;

- (ii) The Applicant De-merged Company is a listed public limited company with a substantial size of operations. It has 63,137 Equity shareholders.
- (iii) The Applicant demerged Company having 7 Secured Creditors for the total value of Secured Debt at Rs. 993.19 crores as on 31st October 2020.
- (iv) The applicant demerged Company has 1375 unsecured creditors for the cumulative debt to the tune of Rs. 286.9 crores as on 31st October 2020. Out of 1375 un-secured creditors, 680 creditors having a value of debt below Rs. 1,00,000/- which constitute less than 1% of the total value of unsecured debt as on 31st October 2020.
- (v) The applicant resulting Company is wholly owned subsidiary company of applicant demerged Company. There are 7 shareholders of the applicant resulting Company, all the shares of the applicant resulting Company is held by applicant demerged company and its nominees. The applicant



companies submitted that there are no creditors either secured or unsecured in resulting Company.

13. The counsel of the applicant companies appeared and prayed for the following reliefs;

(A) This Tribunal may please direct to hold and convene separate meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Applicant De-merged Company.

(B) The meeting of the Equity Shareholders of GHCL Textiles Limited i.e. the Applicant Resulting Company be dispensed within the light of consent affidavits given by the shareholders of the applicant resulting Company.

(C) That, meetings of the Secured Creditors and Unsecured Creditors of GHCL Textiles Limited, the Applicant Resulting Company are not required to be held as there are no secured and unsecured creditors in the applicant resulting Company.

(D) This Tribunal may grant the exemption/dispensation from sending notice of meetings to small unsecured creditors of GHCL Limited, having an individual value of debt at below Rs.1,00,000/-.



(E) It is also prayed that all the meetings be permitted to be convened and conducted through video conferencing and seeking the approval of the concerned parties through e-voting.

14. Heard the counsel of the applicant companies, perused the entire material on record, this Tribunal passes the following order;

- i. A meeting of the Equity Shareholders of the Applicant Resulting Company is hereby dispensed with.
- ii. The Meetings of the Secured and Unsecured Creditors of the Applicant Resulting Company are not necessary as there are no creditors either secured or unsecured in the applicant resulting Company.
- iii. The Separate meetings of the Equity Shareholders, Secured Creditors, and Unsecured Creditors of the Applicant De-merged Company shall be convened and held on Thursday, 8th day of April 2021 respectively at 9.30 a.m., 11.30 a.m., and 12.30 Noon to consider and, if thought fit, approving the proposed Scheme of Arrangement, with or without modifications;



- iv. In view of, the current pandemic situation, all the meetings of shareholders, Secured and Unsecured creditors of Applicant De-merged Company may be convened and conducted through video conferencing or other Audio Visual Means. The Applicant De-merged Company shall appoint a Depository and other required agencies to facilitate the conduct of the meetings.
- v. The Applicant De-merged Company is a listed public limited company, is governed by the SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, and in view of Sections 230 (4) of the Act as well as Rule 6 (3) (xi) of the Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016 and SEBI (Listing and Disclosure Requirements Regulations) 2015; it is required to provide a facility for remote e-voting to the shareholders. Hence, the Applicant Company is directed to carry out voting through (i) remote e-voting as well as (ii) e-voting at the time of meeting for all the Equity Shareholders, secured as well un-secured creditors.
- vi. At least one month before the date of the meetings, a notice in Form No. CAA 2 convening the said meetings indicating



the day, the date, the time as aforesaid; along with instructions concerning remote e-voting), together with a copy of the Scheme of Arrangement, copy of the Explanatory Statement required to be sent under Section 102 of the Act, read with Sections 230 and 232 of the Act and Rule 6 of the Companies (CAA) Rules, 2016 shall be sent to each of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Applicant De-merged Company; either through email or courier or speed post or registered post. In case of the Equity Shareholders, Secured Creditors, and Unsecured Creditors of the Applicant De-merged company, the notices shall be sent the list of the persons appearing on the record of the Applicant Companies as on 3^{1st} December 2020.

vii. It is clarified that voting through Proxy shall not be permitted. However, voting through Authorized Representative is permitted.

viii. The Exemption/Dispensation is hereby granted from sending notice of meetings to small unsecured creditors of Demerged Company, having an individual value of debt below Rs. 1,00,000/- as on 31-December-2020. However, it is clarified that according to the public notice such small unsecured



creditors are entitled to attend the meeting and exercise their right to vote.

- ix. At least one month before the date of meetings, an advertisement about convening the said meetings of Equity Shareholders, Secured Creditors and Unsecured Creditors of the Applicant De-merged Company, indicating the day, the date, the time, and the details of modalities for the meeting through video conferencing, shall be published once in English Daily "**Indian Express**" Ahmedabad Edition and Gujarati translation thereof in Gujarati daily "**Gujarat Samachar**" Ahmedabad edition. The publication shall also indicate that the copy of "Scheme" and statement required to be furnished pursuant to Section 102 of the Act, read with Sections 230 and 232 of the Act can be obtained free of charge at the Registered Office of the Applicant De-merged Company or from the office of the Advocate, i.e. Mrs. Swati Saurabh Soparkar, 301, Shivalik-10, Opp. SBI Zonal Office, S. M. Road, Ambavadi, Ahmedabad 380 015, in accordance with the second proviso to sub-section (3) of Section 230 and Rule 7 of the Companies (CAA) Rules, 2016.

- x. **Mr. Jaimin Dave**, an Independent Practising Advocate in absence him **Mr. Monal Davawala**, an Independent



Practising Advocate are hereby appointed as Chairman of all the meetings of the Applicant De-merged Company to be held on 8th April 2021 or in respect of any adjournment or adjournments thereof.

- xi. **Mr. Manoj Hurkat** (Membership No. FCS 4287 and Certificate of Practice Number 2574) of M/s Manoj Hurkat & Associates, Practicing Company Secretaries shall be as the scrutinizer for the said meetings.
- xii. The Chairman appointed for the aforesaid meetings shall issue advertisements and send out notices of the said meetings referred to above. The chairman is free to avail the services of the Applicant Company or any agency for carrying out the aforesaid directions. The Chairman of the meetings shall have all powers under the Articles of Association of the Applicant Company and also under Rules, including for deciding any procedural questions, that may arise at the meetings or adjournment(s) thereof proposed at the said meetings, amendment(s) to the aforesaid Scheme or resolution, if any, proposed at the aforesaid meetings by any person(s); and to ascertain the decision of the meetings on a poll.



A handwritten signature in black ink, consisting of a stylized 'M' followed by a long horizontal stroke.

xiii. The quorum for the meeting of Equity Shareholders of the Applicant De-merged Company shall be 30 (Thirty) persons present either in person or through an authorized representative. For the Secured Creditors the quorum shall be 5 (Five) and the quorum for the meeting of Unsecured Creditors of the Applicant De-merged Company shall be 15 (Fifteen) person present in person or through an authorized representative.

xiv. The number and value of the vote of each Equity Shareholders, or the value of debt of the Secured and Unsecured Creditors of the Company, as the case may be, shall be in accordance with the register or records of the Applicant Company for Equity Shareholders and as per the entries in the books of accounts of the companies for the Secured and Unsecured Creditors; and where the entries in the records are disputed, the Chairman of the meetings shall determine the value for the meetings.

xv. The Chairman shall file an affidavit not less than 7(seven) days before the date fixed for the holding of the meetings and to report to this Tribunal that the directions regarding issuance of notices and advertisement of the meetings have



been duly complied with as per Rule 12 of the Companies (CAA) Rules, 2016.

xvi. It is further ordered that the Chairman shall report to this Tribunal on the result of the said meetings in Form No CAA4, verified by his affidavit, as per Rule 14 of the Companies (CAA) Rules, 2016 within 30 (Thirty) days of the conclusion of the last of the meetings.

xvii. In compliance with sub-section (5) of Section 230 of the Act and Rule 8 of the Companies (CAA) Rules, the Applicant Companies shall send a Notice of meeting in Form No. CAA 3 with a copy of the Scheme of Arrangement, the Explanatory Statement, and the disclosures mentioned under Rule 6 to (1) Central Government through the Regional Director, North Western Region, (2) the Registrar of Companies, Gujarat; and (3) the Income Tax Authorities, (4) Reserve Bank of India;(5) BSE Limited (6) National Stock Exchange Limited,(7) Securities and Exchange Board of India as well as (8) Competition Commission of India; stating that representations, if any, to be made by them shall be made within 30 (Thirty) days from the date of receipt of such notice, failing which it will be deemed that they have no objection to

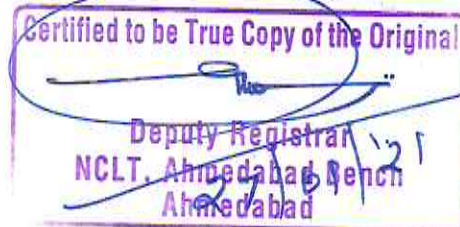


make on the proposed Scheme of Arrangement. The said notices shall be sent forthwith after the notice for the meetings are sent to the concerned Equity Shareholders, Secured and unsecured creditors of the Applicant De-merged Company, either by Registered Post or by Speed Post or by Courier or by Hand Delivery at the offices of the authorities as required by sub-rule (2) of Rule 8 of the Companies (CAA) Rules, 2016. The aforesaid authorities, who desire to make any representation under sub-section (5) of Section 230 shall send the same to this Tribunal with a copy of the same to be supplied to the Applicant Company.

15. With above directions the Company Application bearing CA (CAA) No. 01 of 2021 is disposed of.


(Virendra Kumar Gupta)
Member (Technical)


(Madan B. Gosavi)
Member (Judicial)



RB