

gokaldas exports ltd

GEL/SEC/2023-24/42

August 28, 2023

BSE Limited
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street,
Mumbai – 400 001

National Stock Exchange of India Limited
The Exchange Plaza
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051

Scrip Code - 532630

Scrip Code: GOKEX

Dear Sir / Madam,

Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) - Acquisition

Pursuant to Regulation 30 (read with Part A of Schedule III) of the Listing Regulations, we hereby inform that the Board of Directors of Gokaldas Exports Limited (the “**Company**”) at their meeting held today i.e. on 28th August 2023, have approved the execution of transaction documents in connection with the acquisition of shares and/or assets (as the case may be) of the below mentioned entities through the wholly owned subsidiaries of the Company namely, Gokaldas Exports FZCO, Dubai (“**GEF**”) and Nava Apparels L.L.C-FZ, Dubai (“**Nava**”) at an aggregate consideration of USD 55 Million. The proposed acquisitions by GEF and Nava are set out below:

a) GEF to acquire:

- (i) 100% shares of Amibros S.A. from Solaris – II Investments Group Limited pursuant to a share purchase agreement (and as a consequence acquire Atraco Industrial Enterprise, branch of Amibros S.A.); and
- (ii) 100% shares of Atraco Logistics Co LLC (and as a consequence acquire its branch) pursuant to a share purchase agreement.

b) Nava to acquire:

- (iii) 100% shares of Coral Investments Limited (“**Coral**”) pursuant to a share purchase agreement. As a result of this, Nava will also indirectly acquire approximately 100% shares of Ashton Apparel PLC which is a subsidiary of Coral; and
- (iv) all assets of Coast Apparel EPZ Limited, Ashton Apparel EPZ Limited and Mombasa Apparel EPZ Limited pursuant to asset purchase agreements with respective parties.

All the transaction documents/ definitive agreements have been executed by the relevant parties. For completeness, please note that the rights, interest and obligations under the aforesaid asset purchase agreements will be transferred/ novated to a wholly subsidiary of Nava to be incorporated in Kenya in the manner and timelines agreed amongst the parties.



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Further, please note that the aforesaid proposed acquisitions are subject to fulfilment of certain closing conditions as well as receipt of certain statutory and regulatory approvals.

The relevant details as required under the Regulation 30 of the Listing Regulations read with SEBI master circular dated July 11, 2023, bearing no. SEBI/HO/CFD/PoD2/CIR/P/2023/120, and SEBI circular dated July 13, 2023, bearing reference no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123, are enclosed as **Annexure A**.

The meeting commenced at 5.30 pm and concluded at 8.45 pm.

This is for your information and records.

Thanking you,

Yours truly,

For Gokaldas Exports Limited

Gourish Hegde
Company Secretary & Compliance Officer

Encl: as above



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ANNEXURE – A

Sr. No.	Particulars	Details
1	Name of the target entity, details in brief such as size, turnover etc.	<p>The relevant details of the target companies are set out below:</p> <p>Target Company 1 (Share Purchase):</p> <p><u>Name:</u> Amibros S.A., an entity incorporated under the laws of the Republic of Panama, is being acquired from Solaris – II Investments Group Limited.</p> <p><u>Details:</u> The entire operating business of Amibros S.A. forms part of its branch namely, Atraco Industrial Enterprise, Dubai, UAE (“ATRACO”).</p> <p>The relevant details of ATRACO are set out below:</p> <ul style="list-style-type: none">• It is a leading manufacturer of apparel. It was founded in 1986 operating out of Dubai, U.A.E.• It produces a wide range of products but specializes in the production of casual wear, including shorts, pants, shirts, blouses, t-shirts, and dresses.• The group’s turnover was AED 394 mn. in the Calendar year 2022. <p>Target Company 2 (Share Purchase):</p> <p><u>Name:</u> Atraco Logistics LLC (“ALL”), an entity incorporated under the laws of Emirate of Dubai.</p> <p><u>Details:</u></p> <ul style="list-style-type: none">• ALL was incorporated with an objective of freight and clearing services, cargo loading and unloading, cargo packaging, shipping line agents and general warehousing purposes.• ALL’s turnover was AED 2.11 million in the Calendar year 2022.



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Sr. No.	Particulars	Details
		<p>Target Company 3 (Share Purchase):</p> <p><u>Name:</u> Coral Investments Limited (“Coral”), an entity incorporated under the laws of Ras Al Khaimah Free Zone, UAE.</p> <p><u>Details:</u></p> <p>Coral is a special purpose vehicle whose main activity is investment in other entities.</p> <ul style="list-style-type: none"> • Coral currently owns Ashton Apparel Manufacturing PLC (“AAM”), an entity incorporated under the laws of Ethiopia. Pursuant to the proposed acquisition, the Company will acquire approximately 100% of AAM. • AAM is a manufacturer and exporter of men's, women's and children's casual and associated products. • AAM's turnover was ETB 190 million in the Calendar year 2022. <p>Target Companies 4 to 6 (Asset Purchase):</p> <p>Nava through its wholly owned subsidiary to be incorporated in Kenya, to acquire the assets of Ashton Apparel (EPZ) Limited (“AAL”), Mombasa Apparel (EPZ) Limited (“MAL”) and Coast Apparel (EPZ) Limited (“CAL”) entities incorporated under the laws of Kenya.</p> <p><u>Details:</u></p> <p>The principal business activity of these entities is to manufacture wide range of apparel and export.</p> <p>Target Entity 1 to 6 enlisted above shall be referred to as “Target Companies” collectively.</p>



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2	<p>Whether the acquisition would fall within related party transactions(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired?</p> <p>If yes, nature of interest and details thereof and whether the same is done at "arm's length"</p>	<p>No, the acquisition would not fall within related party transactions.</p> <p>No promoter/ promoter group/ group companies have any interest in the entities being acquired.</p>
3	Industry to which the entity being acquired belongs	Textile and apparel
4	Objects and impact of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity.)	<p>The Target Companies or assets being acquired have been in a similar line of business and have deep experience in the region in making a diverse range of apparel products for all seasons.</p> <p>The Target Companies have large-scale production facilities endowed with high machine capacity, with the possibility of further expansion to drive future growth. Since the Target Companies have been in existence for a substantial period of time, it has highly skilled workforce which facilitate in delivering high operational efficiency.</p> <p>The Company expects to garner larger competitive advantage as a result of the proposed acquisitions as the Target Companies have a long-standing relationship with well-recognized global apparel brands. Additionally, exports from the Kenya provide a duty-free access to the USA and EU markets that gives cost advantages for the customers.</p>
5	Brief details of any governmental or regulatory approvals required for the acquisition	<p>The proposed acquisitions are subject to receipt of approvals from various regulatory authorities. The Target Companies will need to obtain necessary approval(s) from the regulatory authorities of their respective jurisdictions, as applicable, such as:</p> <ol style="list-style-type: none"> Approval from the UAE authorities, Approvals from the jurisdictional competition commission authorities in Kenya and Ethiopia, Approval from other regulatory authorities,



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		d) Factory licenses, environmental clearance, export import license etc. as necessary for day to day functioning of the business
6	Indicative time period for completion of the acquisition	The proposed acquisitions are expected to be completed in 3 to 4 months, subject to completion of necessary regulatory approvals.
7	Consideration - whether cash consideration or share swap or any other form and details of the same	Cash consideration
8	Cost of acquisition and/or the price at which the shares are acquired	The aggregate consideration for the proposed acquisition is USD 55 million. It comprises of the following: a) USD 45 million is required to be paid on the date of closing of the proposed transactions. b) USD 10 million to be paid on or before March 31, 2024.
9	Percentage of shareholding/control acquired and / or number of shares acquired	As part of the proposed acquisition, the following is being acquired through the wholly owned subsidiaries of the Company: a) 100% shares of Amibros S.A. (and as a consequence acquisition of ATRACO); b) 100% shares of ALL (and as a consequence its branch); c) 100% shares of Coral (and as a consequence, the company will acquire approximately 100% of AAM); and d) Assets of CAL, AAL and MAL.
10	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief)	Target Company 1 <ul style="list-style-type: none"> ▪ Amibros, S.A., operates its operations through its branch ATRACO which is headquartered in Dubai, UAE and was founded in 1986. ▪ ATRACO has been a leading manufacturer of apparel. It procures orders globally from various customers and executes the same through manufacturing arrangements. The Company controls a production capacity of 4.1 million pieces per month and facilitates employment to over 13,500 people.



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		<ul style="list-style-type: none"> ▪ To ensure efficiency of operations, management teams of key functions such as merchandising, design, sourcing, finance, and accounts, are centralized in Dubai. ▪ ATRACO has been able to thrive for about three decades in a very competitive industry due to a number of key differentiators, such as: <ul style="list-style-type: none"> ○ Relentless focus on cost and efficiency. ○ Emphasis on profitability over scale. ○ Strong sales and marketing expertise and capabilities. ▪ ATRACO's turnover for the last 3 years is as follows: <table border="1" data-bbox="834 903 1365 1108" style="margin: 10px auto;"> <thead> <tr> <th>Financial (January December)</th> <th>Year to</th> <th>Turnover in AED Million</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td></td> <td>394</td> </tr> <tr> <td>2021</td> <td></td> <td>313</td> </tr> <tr> <td>2020</td> <td></td> <td>257</td> </tr> </tbody> </table> <p>Manufacturing Operation in Kenya and Ethiopia</p> <ul style="list-style-type: none"> ▪ ATRACO executes orders through large manufacturing facilities in Kenya and Ethiopia, operating with a network of 5 manufacturing units across 3 entities incorporated in Kenya and 1 in Ethiopia. ▪ The manufacturing entities produce a wide range of products such as casual wear, including shorts, pants, shirts, blouses, t-shirts and dresses. ▪ ATRACO has a strong customer relationship with global brands and currently exports 95%+ output to the USA. 	Financial (January December)	Year to	Turnover in AED Million	2022		394	2021		313	2020		257
Financial (January December)	Year to	Turnover in AED Million												
2022		394												
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Sr. No.	Particulars	Details
		<p>Target Company 2:</p> <p><u>Name:</u> Atraco Logistics LLC (“ALL”), an entity incorporated under the laws of Emirate of Dubai.</p> <p><u>Details:</u></p> <ul style="list-style-type: none"> • ALL was incorporated with an objective of freight and clearing services, cargo loading and unloading, cargo packaging, shipping line agents and general warehousing purposes. • ALL’s turnover was AED 2.11 million in the Calendar year 2022. <p>Target Company 3:</p> <p><u>Name:</u> Coral Investments Limited (“Coral”), an entity incorporated under the laws of Ras Al Khaimah Free Zone, UAE.</p> <p><u>Details:</u></p> <p>Coral is a special purpose vehicle whose main activity is investment in other entities.</p> <ul style="list-style-type: none"> • Coral currently owns Ashton Apparel Manufacturing PLC (“AAM”), an entity incorporated under the laws of Ethiopia. Pursuant to the proposed acquisition, the Company will acquire approximately 100% of AAM. • AAM is a manufacturer and exporter of men's, women's and children's casual and associated products. • AAM’s turnover was ETB 190 Million in the Calendar year 2022. <p>These particulars are not applicable in case of Target Company 4 to 6 as only their assets are being acquired.</p>



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