

July 14, 2022

श्रावण – कृष्णपक्ष – प्रतिपदा
विक्रम सम्वत् २०७९

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

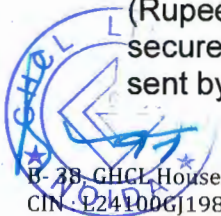
Dear Sir/Madam,

Sub: Notice of Tribunal convened meeting of the Un-secured Creditors of GHCL Limited pursuant to an order dated 27th June 2022 read with rectification order dated 5th July 2022 passed by the Hon’ble National Company Law Tribunal, Ahmedabad Bench (‘Hon’ble NCLT) in the matter of Scheme of Arrangement in the nature of Demerger of the Spinning Division of GHCL Limited to GHCL Textiles Limited

Pursuant to the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, we would like to inform that Notice of Tribunal convened meeting of Un-secured Creditors of GHCL Limited given in accordance with the order of The Hon’ble NCLT, Ahmedabad Bench dated 27th June 2022 read with rectification order dated 5th July 2022, in which Hon’ble NCLT, Ahmedabad Bench has directed that a meeting of Un-secured Creditors of the GHCL Limited be convened and held on **Thursday, August 18, 2022 at 2:30 p.m.** through Video Conferencing or Other Audio Visual Means (‘VC/OAVM’) for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement in the nature of Demerger of the Spinning Division of GHCL Limited between GHCL Limited (‘**Demerged Company**’) and GHCL Textiles Limited (‘**Resulting Company**’), and their respective Shareholders and Creditors, which inter alia envisages to GHCL Textiles Limited.

Please find enclosed herewith notice of Un-secured Creditors along with explanatory statement and other annexures for your information and records (‘**Notice**’).

We would further like to inform that electronic copy of Notice has been sent to all the Un-Secured Creditors of GHCL Limited having outstanding amount of Rs. 50,000/- (Rupees Fifty Thousand) or more, whose e-mail addresses are available. Any Un-secured Creditors who have not provided their email addresses, physical copy will be sent by courier / Speed post / Registered Post at their addresses.



We would further like to inform that Un-secured Creditors of the GHCL Limited whose names appear in the records of the Company as on August 11, 2022 (Cut-Off date) shall eligible to exercise their right to vote by using remote e-voting and e-voting during the meeting.

We would further like to inform that the remote e-voting period shall commence at 9:00 a.m. (IST) on Saturday, August 13, 2022 and ends at 5:00 p.m. (IST) on Wednesday, August 17, 2022. Thereafter, the e-voting module shall be disabled by CDSL.


You are requested to kindly take note of the same and please also take suitable action for dissemination of this information.

In case you need any further information in this regard, let us know.

Thanking you

Yours faithfully

For GHCL Limited



Bhuwleshwar Mishra
Sr. GM -Sustainability & Company Secretary



GHCL Limited

(CIN: L24100GJ1983PLC006513)

Registered office: GHCL House,

Opposite Punjabi Hall, Navrangpura, Ahmedabad, Gujarat-380009

Telephone: 079- 26434100 **Fax:** 079-26423623

Website: www.ghcl.co.in

Email Id: secretarial@ghcl.co.in; ghclinfo@ghcl.co.in

NOTICE OF TRIBUNAL CONVENED MEETING OF THE UNSECURED CREDITORS OF GHCL LIMITED

(Being convened pursuant to order dated 27th June 2022, read with Rectification Order dated 5th July 2022 passed by Hon'ble National Company Law Tribunal, Ahmedabad Bench)

DETAILS OF NCLT CONVENED MEETING OF UNSECURED CREDITORS:

| | | |
|-------------|---|------------------------------------------------------------------|
| Day | : | Thursday |
| Date | : | 18 th August 2022 |
| Time | : | 2:30 p.m. |
| Mode | : | Through Video Conferencing or Other Audio Visual Means (VC/OAVM) |

REMOTE E-VOTING:

| | | |
|----------------------------|---|------------------------------------------------------------|
| Start Date and Time | : | Saturday, 13 th August 2022 at 9:00 A.M. (IST) |
| End Date and Time | : | Wednesday, 17 th August 2022 at 5:00 P.M. (IST) |

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AHMEDABAD BENCH
C A (CAA) NO. 40 OF 2022**

In the matter of the Companies Act, 2013;
AND

In the matter of Sections 230 to 232 read with Sections 66 and other applicable
provisions of the Companies Act, 2013;
AND

In the matter of Scheme of Arrangement in the nature of Demerger of the Spinning
Division of GHCL Limited to GHCL Textiles Limited;

GHCL Limited
(CIN L24100GJ1983PLC006513)
a company incorporated under the Companies Act, 1956
and having its registered office at GHCL House,
Opposite Punjabi Hall, Navrangpura, Ahmedabad, Gujarat-380009

...Applicant Demerged Company

FORM NO. CAA 2

[Pursuant to Section 230 (3) and Rule 6 and 7 of Companies (Compromises, Arrangements and
Amalgamations) Rules, 2016]

**NOTICE FOR CONVENING THE MEETING OF THE UNSECURED CREDITORS OF
GHCL LIMITED (APPLICANT COMPANY-1 / DEMERGED COMPANY) PURSUANT
TO ORDER DATED 27TH JUNE 2022, READ WITH RECTIFICATION ORDER DATED
5TH JULY 2022, PASSED BY HON'BLE NATIONAL COMPANY LAW TRIBUNAL,
AHMEDABAD BENCH**

To,

**The Unsecured Creditors
of GHCL Limited**

("Applicant Company-1" or "Demerged Company" or "GHCL" or "Company")

("Applicant Company" and "Applicant Demerged Company")

NOTICE is hereby given that by an order dated 27th June 2022 ('**Order**'), read with Rectification Order dated 5th July 2022 ('**Rectification Order**') (collectively referred to as '**Orders**'), the Ahmedabad Bench of the National Company Law Tribunal ("**Tribunal**" or "**NCLT**") has directed a meeting of Unsecured Creditors of the Applicant Company-1 be convened and held on Thursday, 18th August, 2022 at 2:30 p.m. through Video Conferencing or other Audio Visual Means ('**VC/OAVM**') for the purpose of considering, and if thought fit, approving with or without modification(s), the Scheme of Arrangement between GHCL Limited ('**Demerged Company**' or **GHCL**) and GHCL Textiles Limited ('**Resulting Company**' or **GTL**) and their respective shareholders and creditors ('**Scheme**').

In pursuance of the NCLT Order, a meeting of Unsecured Creditors of the Applicant Company-1 will be held on Thursday, 18th August, 2022 at 2:30 p.m., through VC/OAVM at such day, date, and time, the said Unsecured Creditors of the Demerged Company are requested to attend the Meeting. Further, there shall be no meeting requiring physical presence at a common venue in view of the present circumstances on account of the CoVID-19 pandemic.

Persons entitled to attend and vote, may vote through remote e-voting facility made available prior to the Meeting as well as during the Meeting through VC/OAVM. The facility of appointment of proxies by Unsecured creditors will not be available for such Meeting. However, a body corporate which is an Unsecured Creditor is entitled to appoint a representative for the purposes of participating and / or voting during the Meeting.

Copies of the Scheme and of the Explanatory Statement, under Sections 230(3), 232(1) and 232(2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with the enclosures as indicated in the Index, can be obtained free of charge at the registered office of the Applicant Company-1 at GHCL House, Opposite Punjabi Hall, Navrangpura, Ahmedabad, Gujarat-380009 and/or from the office of the Advocate Mrs. Swati Saurabh Soparkar, 301, Shivalik-10, Opp. SBI Zonal Office, S. M. Road, Ambavadi, Ahmedabad- 380015 during Business hours(10:30 am to 6:30 pm) from Monday to Friday upto the date of the meeting.

Applicant Company-1 has appointed Central Depository Services Limited (CDSL) for providing VC/OAVM facility and remote e-voting facility both prior to as well as during the Meeting.

The Tribunal has appointed Mr. Jaimin Dave, an Independent Practising Advocate, as the Chairperson, Mr. Monal Davawala, an Independent Practising Advocate, as Alternate Chairperson and Mr. Manoj Hurkat (Membership No. FCS 4287 and Certificate of Practice Number 2574) of M/s Manoj Hurkat & Associates, Practising Company Secretaries, as the Scrutinizer for the meeting of Unsecured Creditors including for any adjournment or adjournments thereof. The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval of the Tribunal.

TAKE NOTICE that the following resolution is proposed under Sections 230(3) of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and the provisions of the Memorandum of Association and Articles of Association of the Applicant Company-1, for the purpose of considering, and if thought fit, approving, the Scheme of Arrangement between GHCL Limited (**'Demerged Company'**) and GHCL Textiles Limited (**'Resulting Company'**):

"RESOLVED THAT pursuant to the provisions of Sections 230-232 and other applicable provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof) as may be applicable, and other applicable provisions, if any, of the Companies Act, 2013, the National Company Law Tribunal Rules, 2016, applicable provisions, if any, of the Income Tax Act, 1961, and any provision of any other applicable law / statute, observation letters issued by each of the BSE Limited and National Stock Exchange of India Limited dated 3rd March 2022 and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of Hon'ble National Company Law Tribunal, Bench at Ahmedabad ("Tribunal" or "NCLT") and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by NCLT or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), approval of the Unsecured Creditors of the Company be and is hereby accorded to the proposed Scheme of Arrangement between GHCL Limited ('Demerged Company') and GHCL Textiles Limited ('Resulting Company') and their respective Shareholders & Creditors ("Scheme") which inter alia envisages Demerger, Transfer and vesting of Spinning Business Undertaking of GHCL Limited (hereinafter referred to as "Demerged Undertaking" of "GHCL") to GHCL Textiles Limited (hereinafter referred to as "Resulting Company" or "GTL"), a wholly owned subsidiary of GHCL Limited, for consideration in form

of issue of equity shares to the shareholders of the Demerged Company (i.e. GHCL) and for matters consequential, supplemental and / or otherwise integrally connected therewith as per the terms and conditions mentioned in the Scheme”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, (including withdrawal of the Scheme), which may be required and/or imposed by the NCLT while sanctioning the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper.”

TAKE FURTHER NOTICE that pursuant to the provisions of Section 230(4) read with Section 110 of the Companies Act 2013; Rule 6(3)(xi) of the Companies (Compromises, Amalgamations and Amalgamations) Rules, 2016; Rule 20 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof); Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”); Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 issued by the Securities and Exchange Board of India (“**SEBI**”), as amended from time to time and General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020, General Circular No. 22/2020 dated 15th June, 2020, General Circular No. 33/2020 dated 28th September, 2020, Circular No. 2 of 2021 dated January 13, 2021 and Circular No. 21/2021 dated December 14, 2021 issued by the Ministry of Corporate Affairs (“**MCA Circulars**”) and also SEBI Circular dated 12th May, 2020, Circular dated January 15, 2021 and Circular dated May 13, 2022 (“**SEBI Circulars**”) and other relevant laws and regulations, as may be applicable, Applicant Company 1 has provided the facility of voting by remote e-voting (prior to the Meeting) so as to enable the Unsecured Creditors to consider and approve the Scheme by way of the aforesaid resolution. In addition, e-voting facility shall also be made available during the Meeting, as stated above. Accordingly, voting by Unsecured Creditors on the proposed resolution shall be carried out through remote e-voting facility and through VC/OAVM facility during the Meeting.

A copy of the Explanatory Statement, under Sections 230(3), 232(1) and 232(2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Scheme and other annexures (as indicated in the index) are enclosed herewith.

The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval of NCLT.

The Shareholders may refer to the notes to this Notice for further details on e-voting.

Date: 8th July 2022

Jaimin Dave
Chairman appointed for the Meeting
Place: Ahmedabad, Gujarat

Registered Office:

GHCL House,
Opposite Punjabi Hall,
Navrangpura,
Ahmedabad, Gujarat-380009
CIN - L24100GJ1983PLC006513

NOTES FOR THE MEETING OF THE UNSECURED CREDITORS OF THE APPLICANT DEMERGED COMPANY:

- (1) As per NCLT Order dated 27th June 2022 (**'Order'**), read with Rectification Order dated 5th July 2022 (**'Rectification Order'**) collectively referred to as "Order" (Orders) passed in CA (CAA) No. 40 of 2022; read with applicable MCA / SEBI Circulars, Meeting of Unsecured Creditors of the Applicant Demerged Company will be held through Video Conferencing/Other Audio-Visual Means (**'VC/OAVM'**). The proceedings of the Meeting shall however be deemed to be conducted at the registered office of Company which shall be the deemed venue of the Meeting. The detailed procedure for participation in the Meeting through VC/OAVM is provided at Note No. 17.
- (2) The Unsecured Creditors of the Company are entitled to vote through remote e-voting facility made available prior to the Meeting or e-voting facility made available during the Meeting which will be held through VC/OAVM as described below.
(Unsecured Creditors are requested to use User ID and Password for remote e-voting / e-voting during the Meeting, as printed on address sticker in case of physical copy and as mention in covering e-mail in case of soft copy).
- (3) Since the Meeting is being held pursuant to NCLT Orders and MCA / SEBI Circulars through VC/OAVM, physical attendance of the Unsecured Creditors has been dispensed with. Accordingly, the facility for appointment of proxies by the Unsecured Creditors will not be available for Meeting.
- (4) Institution / Corporate / Body Corporate which is a Unsecured Creditor of the Applicant Company 1 and intending to appoint an authorised representative for the purpose of participating and / or voting during the Meeting held through VC/OAVM or remote e-voting are requested to send a duly certified copy of the resolution of the Board of Directors or other governing body of such Body Corporate to the Applicant Company 1, authorising such representative to participate and vote on their behalf at the Meeting, not less than 48 hours before the time fixed for the aforesaid Meeting
- (5) In compliance with the aforesaid MCA Circulars, the Notice in relation to the Meeting, together with the documents accompanying the same, is being sent to all the Unsecured Creditors of the Applicant Company 1 as on 31st May 2022 (**"Cut-off Date"**) only through electronic mode (e-mail) to all the Unsecured Creditors whose e-mail IDs are registered with the Applicant Company 1 for communication purposes. For Unsecured Creditors who have not registered their e-mail addresses with the Applicant Demerged Company, physical copy of the notice and other enclosures are being sent by courier /speed post / registered post at their registered address. The notice and other enclosures may also be accessed on the website of the Applicant Company 1 viz www.ghcl.co.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.
In case the e-mail address of an Unsecured Creditor is not registered with Applicant Company 1 such Unsecured Creditor may send his/her request by email at secretarial@ghcl.co.in along with his/ her name, address, mobile number, PAN, amount due from the Applicant Company 1.
- (6) The quorum of the meeting of the Unsecured Creditors of the Applicant Company-1 shall be 5 (Five) in number. Unsecured Creditors or Authorised Representative of Body Corporate attending the Meeting through VC/OAVM shall be counted for the purpose of reckoning the quorum.
- (7) The Unsecured creditors of the Applicant Company-1 whose names appear in the records of the Applicant Company-1 as on August 11, 2022 shall be eligible to vote for the meeting of the Unsecured Creditors of the Applicant Company-1 (**'cut-off date for e-voting'**). The voting right may be exercised either by remote e-voting within prescribed period or by e-voting during the meeting being convened through VC/OAVM.

Any person who becomes an Unsecured creditor of the Applicant Company-1 after dispatch of the Notice and whose names appear in the records of the Applicant Company-1 as on the Cut-off Date for e-voting may cast his vote by following the instructions of remote e-voting and voting during the meeting provided in this Notice.

- (8) The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the Unsecured Creditors at the registered office of the Applicant Company-1 at GHCL House, Opposite Punjabi Hall, Navrangpura, Ahmedabad, Gujarat-380009 between 10.00 A.M. and 12.00 Noon on all days (except Saturdays, Sundays and public holidays) upto the date of the meeting.
- (9) The notice convening the meeting will be published through advertisement in (i) 'Indian Express' (Ahmedabad Edition), in the English language and (ii) translation thereof in Gujarati Daily 'Gujarat Samachar' (Ahmedabad Edition), in Gujarati language.
- (10) In accordance with the provisions of Sections 230-232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing three fourth in value of the Unsecured Creditors of the Applicant Company-1, voting through e-voting facility made available both prior to as well as during the Meeting through VC/ OAVM, agree to the Scheme.
- (11) The Unsecured Creditors desiring to attend the meeting through VC/OAVM and exercise their vote by remote e-voting made available during the Meeting, are requested to carefully follow the instructions set out in the notes below under the heading "Online meeting process" or "Voting through Remote E-voting", as the case may be.
- (12) It is clarified that casting of votes by remote e-voting (prior to the Meeting) does not disentitle an Unsecured Creditor from attending the Meeting. However, any Unsecured Creditor who has voted through e-voting prior to the Meeting cannot vote through e-voting during the Meeting. The Unsecured Creditors of Applicant Company 1 attending the Meeting through VC/ OAVM who have not cast their vote through remote e-voting prior to the Meeting shall be entitled to exercise their vote using the e-voting facility made available during the Meeting through VC/ OAVM.
- (13) The Unsecured creditors can join the meeting through VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting by following the procedure mentioned in the Notice. The facility of participation during the Meeting through VC/OAVM will be made available for Unsecured creditors on first come first serve basis.
- (14) As directed by the Tribunal, Mr. Manoj Hurkat (Membership No. FCS 4287 and Certificate of Practice Number 2574) of M/s Manoj Hurkat & Associates, Practicing Company Secretaries, has been appointed as Scrutinizer for the said meeting of the Unsecured Creditor for conducting the remote e-voting (prior to the Meeting) and VC Meeting during the meeting in a fair and transparent manner. The Scrutinizer shall, immediately after and not later than 48 hours from conclusion of the meeting, make a consolidated Scrutinizer's Report of the total votes cast in favour and against the resolution and invalid votes, if any, to the Chairman of the meeting, in writing, who shall countersign the same.
- (15) The result of the voting shall be announced by the Chairman of the meeting in writing upon receipt of the Scrutinizer's Report. The results announced, along with the Scrutinizer's Report, shall be displayed at the Registered Office of the Applicant Company-1 and its website viz. www.ghcl.co.in, immediately after declaration. The results shall also be immediately forwarded to the stock exchanges where the Company's equity shares are listed i.e. BSE Limited and National Stock Exchange of India Limited.
- (16) Since the meeting will be held through VC/OAVM in accordance with the NCLT Orders and MCA Circulars, the route map, proxy form and attendance slip are not attached to this Notice.
- (17) **Voting Process and other instructions regarding e-voting before and during the Meeting are given below:**

18. THE INSTRUCTIONS FOR UNSECURED CREDITORS FOR REMOTE E- VOTING ARE AS UNDER:

18.1. The Remote e-voting period begins on Saturday, August 13, 2022 at 9.00 a.m. (IST) and ends on Wednesday, August 17, 2022 at 5.00 p.m. (IST). During this period Unsecured Creditors of the Applicant Demerged Company as on the Cut-off Date (i.e. August 11, 2022) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5:00 p.m. (IST) on Wednesday, August 17, 2022.

18.2. The Unsecured Creditors should follow the following steps to cast their votes electronically:

- i. The Unsecured Creditors should log on to the e-voting website www.evotingindia.com
- ii. Click on “Shareholders / Members” tab.
- iii. Now enter your User ID as printed on address sticker in case of physical copy of the Notice and as mention in covering e-mail in case of soft copy of the Notice.
- iv. Next enter the Image Verification as displayed and Click on ‘LOGIN’
- v. Please enter PASSWORD as printed on address sticker in case of physical copy of the Notice and as mention in covering e-mail in case of soft copy of the Notice.
- vi. After entering these details appropriately, click on “SUBMIT” tab.
- vii. Click on the EVSN for the **GHCL Limited** on which you choose to vote.
- viii. On the voting page, you will see “**RESOLUTION DESCRIPTION**” and against the same the option “**YES/NO**” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- ix. Click on the “**RESOLUTIONS FILE LINK**” if you wish to view the Notice.
- x. After selecting the resolution you have decided to vote on, click on “**SUBMIT**”. A confirmation box will be displayed. If you wish to confirm your vote, click on “**OK**”, else to change your vote, click on “**CANCEL**” and accordingly modify your vote.
- xi. Once you “**CONFIRM**” your vote on the resolution, you will not be allowed to modify your vote.
- xii. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xiii. Unsecured Creditors can also cast their vote using CDSL’s mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

19. Note for Non – Individual Unsecured Creditors

Step 1: Non-Individual Unsecured Creditors (i.e. other than Individuals, HUF etc.) are required to log on to www.evotingindia.com and register themselves as Corporates. They are also required to follow the above process for remote e-voting.

Step 2: A scanned copy of the Registration Form alongwith Board Resolution / Authorisation letter bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com at least 48 hours before the meeting.

Step 3: After receiving the login details a Compliance User should be created using the admin

login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

Step 4: The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

Step 5: A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

Step 6: Alternatively, Non Individual Unsecured Creditors are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, at least 48 hours before the meeting to the Company at secretarial@ghcl.co.in, if voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

20. THE INSTRUCTIONS FOR UNSECURED CREDITORS VOTING ON THE DAY OF THE NCLT CONVENED MEETING ON E-VOTING SYSTEM ARE AS UNDER: -

1. The procedure for e-voting on the day of the meeting is same as the instructions mentioned above for remote e-voting.
2. Only those Unsecured Creditors, who will be present in the meeting through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available in the meeting.
3. If any votes are cast by the Unsecured Creditors through the e-voting available during the meeting and if the same members have not participated in the Meeting through VC/OAVM facility, then the votes cast by such Unsecured Creditors shall be considered invalid as the facility of e-voting during the Meeting is available only to the Unsecured Creditors participating in the Meeting.
4. Unsecured Creditors who have voted through remote e-voting will be eligible to attend the meeting. However, they will not be eligible to vote at the meeting.

21. INSTRUCTIONS FOR UNSECURED CREDITORS FOR ATTENDING THE NCLT CONVENED MEETING THROUGH VC/OAVM ARE AS UNDER:

1. Unsecured Creditors will be provided with a facility to attend the NCLT convened meeting through VC/OAVM through the CDSL e-voting system. Unsecured Creditors may access the same at <https://www.evotingindia.com> under shareholders / members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/ members login where the EVSN of Company (GHCL Limited) will be displayed.
2. Unsecured Creditors are encouraged to join the Meeting through Laptops/Personal Computers for better experience.
3. Further, the Unsecured Creditors will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
4. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network.

It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Unsecured Creditors who would like to express their views/ask questions during the Meeting may register themselves as a speaker by sending their request 7 days prior to Meeting mentioning their name, email id, mobile number at secretarial@ghcl.co.in and register themselves as speaker. Only those who have registered themselves as a speaker will be allowed to express their views/ask questions during the meeting.
6. Company is providing two way teleconferencing facility or webex for the ease of participation of the Unsecured Creditors. Recorded transcript of the meeting shall be uploaded on the website of the Company and the same shall also be maintained in safe custody of the Company.

If you have any queries or issues regarding attending e-voting from the e-voting system, you may refer the Frequently Asked Questions (“**FAQs**”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Bhavesh Pimputkar (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to **Mr. Rakesh Dalvi, Manager, (CDSL)** Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

EXPLANATORY STATEMENT UNDER SECTION 102 READ WITH SECTION 230 TO 232 OF THE COMPANIES ACT, 2013 AND RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATION) RULES, 2016

1. Pursuant to the Order dated 27th June 2022, read with Rectification Order dated 5th July 2022 (collectively referred to as '**Orders**') passed by the National Company Law Tribunal, Ahmedabad Bench in the Company Application No. **CA (CAA) NO. 40 OF 2022** referred to hereinabove, separate meetings of the Equity Shareholders and Unsecured Creditors of GHCL Limited are being convened on Thursday, 18th August 2022, through VC/OAVM facility, for the purpose of considering and if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement between GHCL Limited ('**Applicant Company-1**' or '**Demerged Company**' or '**GHCL**') and GHCL Textiles Limited ('**Applicant Company-2**' or '**Resulting Company**' or '**GTL**'), (*Applicant Company-1 and Applicant Company-2 together referred to as '**Applicant Companies**'*) and their respective Shareholders and Creditors, which inter alia envisages De-merger, Transfer and vesting of Spinning Division of GHCL Limited (*hereinafter referred to as "**De-merged Company**" of "**GHCL**"*) to GHCL Textiles Limited (*hereinafter referred to as "**Resulting Company**" or "**GTL**"*), a wholly owned subsidiary of GHCL Limited for consideration in form of issue of shares to the shareholders of the De-merged Company (i.e. GHCL). The Scheme further envisages cancellation of the share capital currently held by the De-merged Company in the Resulting Company and listing of the new shares to be issued by the Resulting Company to all the existing shareholders of the De-merged Company under section 230-232 and other applicable provisions of the Companies Act, 2013 ("**Scheme**").
2. The proposed Scheme of Arrangement (Copy annexed herewith as **Annexure-1**) was approved by the Audit & Compliance Committee of the De-merged Company on 6th December 2021. In compliance with the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23rd November 2021, the Scheme was then placed before the committee of Independent Directors of the De-merged Company on 6th December 2021 and on their recommendation, the same was placed before the Board of Directors of both the Applicant Companies on the same day. The Board of Directors of both the Applicant Companies passed a resolution by which it was resolved that the Scheme of Arrangement placed before the board be submitted to the National Company Law Tribunal for its sanction after obtaining the approval from the concerned Stock Exchanges. The copies of the Report adopted by the Board of Directors of the Demerged Company and the Resulting Company is annexed herewith as **Annexure-2** and **Annexure-3** respectively. Copy of Audit Committee Report and Committee of Independent Directors Report of Demerged Company are annexed herewith as **Annexure-4**. Copy of the Share Entitlement Ratio Report dated 6th December 2021 issued by Mr. Niranjana Kumar, a Registered Valuer and a copy of the Fairness Opinion dated 6th December 2021 issued by Kunvarji Finstock Private Limited, a SEBI registered Category-I Merchant Banker are placed on record as **Annexure- 5 & 6** respectively.
3. GHCL Limited, Demerged Company being a listed public limited company, in compliance with the applicable SEBI Circulars, the draft Scheme, along with all requisite information and documents was presented to the concerned Stock Exchanges, viz. National Stock Exchange of India Limited and BSE Limited, for obtaining necessary approval from the Securities and Exchange Board of India ("**SEBI**") through the two Stock Exchanges. The approval in form of the Observation letters dated 3rd March 2022 received from National Stock Exchange of India Limited ("**NSE**") and the BSE Limited ("**BSE**") are enclosed herewith as **Annexure-7**.
4. As required by the SEBI Circular, the Demerged Company has filed the Complaints Report(s) with BSE Limited (dated 11th February 2022) and National Stock Exchange of India Limited (dated 15th February 2022). These reports indicate that the Demerged Company received nil complaints. A copy of the aforementioned Complaints Report(s) is enclosed as **Annexure-8** to this notice.
5. Prior approval to the Scheme was obtained from the Competition Commission of India and a copy of the same is enclosed herewith as **Annexure-9**.

6. BACKGROUND OF THE COMPANIES:

A. GHCL Limited

- i. GHCL Limited, was originally incorporated on 14th October 1983 as a public limited Company, in the name and style of Gujarat Heavy Chemicals Limited, under the provisions of the Companies Act, 1956, with the office of the Registrar of Companies, Gujarat. The name of the Applicant Demerged Company was changed to GHCL Limited vide certificate dated 21st November 2003. The Registered Office of the Applicant Demerged Company is situated at GHCL House, Opposite Punjabi Hall, Navrangpura, Ahmedabad-380009 in the state of Gujarat.

The e-mail id of De-merged Company is secretarial@ghcl.co.in and ghclinfo@ghcl.co.in

- ii. The Permanent Account Number of De-merged Company is AAACG5609C.
- iii. The share capital structure of GHCL, the De-merged Company as on 31st March 2022 is as follows:

| Particulars | INR |
|-----------------------------------------------|---------------|
| Authorised Share Capital | |
| 17,50,00,000 equity shares of INR 10 each | 175,00,00,000 |
| Total | 175,00,00,000 |
| Issued, Subscribed and Paid-up Capital | |
| 9,53,50,786 shares of INR 10 each | 95,35,07,860 |
| Total | 95,35,07,860 |

Subsequent to the above date, Nomination and Remuneration Committee of Board of Directors of the Company, in their meeting held on May 30, 2022 had allotted 2.35 lakhs Equity Shares of Rs. 10 each against exercise of Employees Stock Options and consequent to said allotment of 2.35 lakh Equity Shares, the Issued, Subscribed and Paid-up Capital of GHCL Limited stands increased from Rs. 95,35,07,860/- consisting of 9,53,50,786 equity shares of Rs. 10/- each to Rs. 95,58,57,860/- consisting of 9,55,85,786 equity shares of Rs. 10/- each.

- iv. The main objects of GHCL, the Demerged Company are fully set out in the Memorandum and Articles of Association. The Main Objects inter alia are as under:
1. To carry on the business of manufacturing Soda Ash (Sodium Carbonate), Sodium Bicarbonate and Salt and to deal in the same.
 2. To carry on the business and trade of manufacturing, producing, packing, refining, processing and developing all grades of Soda Ash (Sodium Carbonate), Salt (Sodium Chloride), sodium Bicarbonate Calcium Chloride, Bromine and all compounds of Bromine of all grades, Iodine, Potassium Schoenite.
 3. To carry on business of processing, converting, producing, manufacturing, formulating, using, buying, acquiring, storing, packaging, selling, transporting, distributing, importing, exporting and disposing:
 - (a) *All types of chemicals, heavy chemicals including Soda Ash (Sodium Carbonate) of all grades, Sodium Bicarbonate of all grades, Sodium Chloride of all grades, Iodine, Bromine and all compounds of Bromine of all grades, Potassium Schoenite, Ammonia, Ammonium Chloride, Caustic Soda (Sodium Hydroxide) in all forms, Chlorine and its compounds of all grades both organic and inorganic, Hydrochloric Acid, Gypsum, Explosives, Calcium Chloride, Calcium Hydroxide, Hydrogen Sulfide, Carbon-Di-oxide, Limestone, Calcium Oxide, Coke, Power, Steam, Oils, Greases.*
 - (b) *All Organic and inorganic chemicals, synthetic chemicals derived from Salt, Sodium Carbonate, Ammonia, Limestone, Coke, Coal, elements, chemicals and compounds and products of any nature and kind whatsoever including byproducts, derivatives and.*

- v. Further, Object Clause 3 (B) (28) of the Memorandum of Association of the Applicant Demerged Company authorizes it to demerge:

“28. To sell, dispose off or transfer the business property and undertaking of the Company or any part thereof for any consideration which the Company may deem fit to accept, and in particular for shares, debentures, debenture stock, bonds, or securities of any other Company or Companies for the purpose of its or their acquiring all or any of the property, rights, or liabilities of this Company or for other purposes which may seem to benefit this Company directly or indirectly.”

- vi. GHCL, (Applicant 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’**);
 - (ii) Yarn manufacturing, spinning of yarn, and other ancillary materials from its factory/plant situated at Madurai and Manaparai, Tamilnadu, (**‘Spinning Division’**);
- vii. The equity shares of the said De-merged Company are listed on BSE Limited and National Stock Exchange of India Limited. GHCL is the sole holding company of GHCL Textiles Limited, the Applicant Resulting Company under the proposed Scheme. The total income of the Demerged Company for the financial year ended on 31st March 2022 was around Rs. 3789.17 crores on Standalone basis and Rs. 3790.50 crores on consolidated basis. The profit for the year was Rs. 633.94 crores on Standalone basis and Rs. 646.70 crores on consolidated basis. The company has Reserves of around 2994.90 crores on standalone basis and Rs. 2990.22 crores on consolidated basis.

Copy of the Audited financials as on 31st March 2022 is annexed herewith as **ANNEXURE-10**. The statement showing brief details of the Assets and Liabilities being transferred to Resulting Company as on 31st March 2022 is also additionally annexed herewith as **Annexure-12**.

- viii. The Shareholding Pattern of GHCL as on 31st March 2022 is as under:

| S.N. | Category | Equity Share (Nos) | Face Value per share | Shareholding (%) |
|------------|----------------------------------------------------------------------------|--------------------|----------------------|------------------|
| (A) | Promoter & Promoter Group | | | |
| (1) | Indian | | | |
| (a) | Individuals / HUF | 7,87,274 | 10 | 0.83% |
| (b) | Bodies Corporate | 1,18,87,636 | 10 | 12.47% |
| | Sub Total (A)(1) | 1,26,74,910 | 10 | 13.29% |
| (2) | Foreign | | | |
| (a) | Body Corporate | 55,07,900 | 10 | 5.78% |
| | Sub Total (A)(2) | 55,07,900 | 10 | 5.78% |
| | Total Shareholding of Promoter and Promoter Group [A=(A)(1)+(A)(2)] | 1,81,82,810 | 10 | 19.07% |
| (B) | Public Shareholding | | | |
| (1) | Institutions | | | |
| (a) | Mutual Funds | 1,44,50,142 | 10 | 15.15% |
| (b) | Alternate Investment Funds | 1,69,186 | 10 | 0.18% |
| (c) | Foreign Portfolio Investors | 1,47,02,681 | 10 | 15.42% |
| (d) | Financial Institutions/ Banks | 7,004 | 10 | 0.01% |
| (e) | Insurance Companies | 35,65,848 | 10 | 3.74% |
| | Sub Total (B)(1) | 3,28,94,861 | 10 | 34.50% |
| (2) | Central Government/ State Government(s)/ President of India | 19 | 10 | 0.00% |
| | Sub Total (B)(2) | 19 | 10 | 0.00% |

| S.N. | Category | Equity Share (Nos) | Face Value per share | Shareholding (%) |
|------------|------------------------------------------------------------------------------------|--------------------|----------------------|------------------|
| (3) | Non-Institutions | | | |
| (a) | (i) Individual shareholders holding nominal share capital upto Rs. 2 Lacs | 1,56,86,408 | 10 | 16.45% |
| | (ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lacs | 65,39,489 | 10 | 6.86% |
| (b) | NBFCs registered with RBI | 1,250 | 10 | 0.00% |
| (c) | Any Other (specify) | | | |
| | <i>IEPF</i> | <i>10,23,113</i> | <i>10</i> | <i>1.07%</i> |
| | <i>Trusts</i> | <i>4,71,542</i> | <i>10</i> | <i>0.49%</i> |
| | <i>Foreign Companies</i> | <i>500</i> | <i>10</i> | <i>0.00%</i> |
| | <i>HUF</i> | <i>10,98,372</i> | <i>10</i> | <i>1.08%</i> |
| | <i>Non-Resident Indians (NRI)</i> | <i>15,42,706</i> | <i>10</i> | <i>1.62%</i> |
| | <i>Other Directors & Relatives</i> | <i>5,75,100</i> | <i>10</i> | <i>0.60%</i> |
| | <i>Ltd. Liability Partnership</i> | <i>11,64,350</i> | <i>10</i> | <i>1.22%</i> |
| | <i>Clearing Member</i> | <i>2,32,456</i> | <i>10</i> | <i>0.24%</i> |
| | <i>Bodies Corporate</i> | <i>1,59,37,810</i> | <i>10</i> | <i>16.71%</i> |
| | Sub Total (B)(3) | 4,42,73,096 | 10 | 46.43% |
| | Total Public Shareholding [(B)= (B)(1)+(B)(2)+(B)(3)] | 7,71,67,976 | 10 | 80.93% |
| (C) | Non-Promoter Non-Public | - | - | - |
| | Total Shareholding [(A)+(B)+(C)] | 9,53,50,786 | 10 | 100.00% |

- ix. The names of the Promoters of the De-merged Company along with their addresses as well as shareholding as on 31st March 2022 are as follows:

| S. No. | Name | Address | Shares (Nos) | Shareholding (%) |
|--------|-------------------------------------------------------|----------------------------------------------------------------------|--------------|------------------|
| 1. | Anurag Dalmia (HUF) | 2nd Floor, Indraprakash Building, New Delhi-110001 | 7,87,274 | 0.83% |
| 2. | Anurag Dalmia | 9, Tees January Marg, New Delhi, 110011 | 1,10,000 | 0.12% |
| 3. | Neelabh Dalmia | 9, Tees January Marg, New Delhi, 110011 | 1,04,500 | 0.11% |
| 4. | Gems Commercial Company Limited | First Floor, East Patel Nagar, New Delhi-110008 | 29,40,207 | 3.08% |
| 5. | Oval Investment Private Limited | B-97, 2nd Floor, Amritpuri, Garhi, East of Kailash, New Delhi-110065 | 25,88,848 | 2.72% |
| 6. | Lhonak International Private Limited | 4356/4 - C, First Floor, Ansari Road, Darya Ganj, New Delhi-110002 | 13,65,599 | 1.43% |
| 7. | Hindustan Commercial Company Limited | First Floor, East Patel Nagar, New Delhi-110008 | 29,44,737 | 3.09% |
| 8. | Carissa Investment Private Limited | B-97, 2nd Floor, Amritpuri, Garhi, East of Kailash, New Delhi-110065 | 4,81,752 | 0.51% |
| 9. | Golden Tobacco Limited | Darjipura, Post- Amaliya- Vadodara, Gujarat- 390022 | 16,578 | 0.02% |
| 10. | Harvutex Engineering And Processing Company Limited | First Floor, East Patel Nagar, New Delhi-110008 | 4,15,723 | 0.44% |
| 11. | Anurag Trading Leasing And Investment Company Pvt Ltd | 2nd Floor, Indraprakash Building, New Delhi-110001 | 2,87,200 | 0.30% |
| 12. | WGF Financial Services Ltd | 2nd Floor, Indraprakash Building, New Delhi-110001 | 3,78,807 | 0.40% |

| S. No. | Name | Address | Shares (Nos) | Shareholding (%) |
|--------|---------------------------------------------------|-----------------------------------------------------------------------------|--------------------|------------------|
| 13. | Dalmia Finance Ltd | 2nd Floor, Indraprakash Building, New Delhi-110001 | 2,00,244 | 0.21% |
| 14. | Archana Trading And Investment Company Pvt. Ltd. | 2nd Floor, Indraprakash Building, New Delhi-110001 | 1,32,848 | 0.14% |
| 15. | Bharatpur Investment Limited | 201, 2nd Floor, Indraprakash Building, New Delhi-110001 | 38,842 | 0.04% |
| 16. | Sanjay Trading Investment Company Private Limited | 2nd Floor, Indraprakash Building, New Delhi-110001 | 29,100 | 0.03% |
| 17. | General Exports And Credits Limited | 2nd Floor, Indraprakash Building, New Delhi-110001 | 17,000 | 0.02% |
| 18. | Pashupatinath Commercial Pvt. Ltd. | C-195, Greater Kailash -I, New Delhi-110048 | 15,000 | 0.02% |
| 19. | Sovereign Commercial Pvt. Ltd. | C-195, Greater Kailash -I, New Delhi-110048 | 6,000 | 0.01% |
| 20. | Dalmia Housing Finance Ltd | House No 6, Pocket 40 1st Floor, Chittranjan Park, New Delhi-110019 | 5,707 | 0.01% |
| 21. | Trishul Commercial Pvt. Ltd. | C-195, Greater Kailash -I, New Delhi-110048 | 5,100 | 0.01% |
| 22. | Swastik Commercial Pvt. Ltd. | C-195, Greater Kailash -I, New Delhi-110048 | 3,700 | 0.00% |
| 23. | Alankar Commercial Private Limited | 4356/4 - C, First Floor, Ansari Road, Darya Ganj, New Delhi-110002 | 2,600 | 0.00% |
| 24. | Ricklunsford Trade And Industrial Investment Ltd | House No 6, Pocket 40 1st Floor, Chittranjan Park, New Delhi-110019 | 1,960 | 0.00% |
| 25. | Chirawa Investment Limited | 5 - D, Atma Ram House,1, Tolstoy Marg, New Delhi-110001 | 1,860 | 0.00% |
| 26. | Lakshmi Vishnu Investment Limited | 5 - D, Atma Ram House,1, Tolstoy Marg, New Delhi-110001 | 1,860 | 0.00% |
| 27. | Mourya Finance Limited | 5 - D, Atma Ram House,1, Tolstoy Marg, New Delhi-110001 | 1,860 | 0.00% |
| 28. | Sikar Investment Company Limited | 5 - D, Atma Ram House,1, Tolstoy Marg, New Delhi-110001 | 1,800 | 0.00% |
| 29. | Antarctica Investment Pvt Ltd | House No 6, Pocket 40 1st Floor, Chittranjan Park, New Delhi-110019 | 768 | 0.00% |
| 30. | Comosum Investment Pvt Ltd | House No 6, Pocket 40 1st Floor, Chittranjan Park, New Delhi-110019 | 701 | 0.00% |
| 31. | Lovely Investment Pvt Ltd | House No 6, Pocket 40 1st Floor, Chittranjan Park, New Delhi-110019 | 645 | 0.00% |
| 32. | Altar Investment Pvt Ltd | House No 6, Pocket 40 1st Floor, Chittranjan Park, New Delhi-110019 | 318 | 0.00% |
| 33. | Ilac Investment Private Limited | House No 6, Pocket 40 1st Floor, Chittranjan Park, New Delhi-110019 | 217 | 0.00% |
| 34. | Dear Investment Pvt Ltd | B-97, 2nd Floor, Amritpuri, Garhi, East of Kailash, New Delhi-110065 | 55 | 0.00% |
| 35. | Banjax Limited | C/O Dalmia Bros Pvt Ltd, 2nd Floor, Indraprakash Building, New Delhi-110001 | 27,89,700 | 2.93% |
| 36. | Hexabond Limited | C/O Dalmia Bros Pvt Ltd, 2nd Floor, Indraprakash Building, New Delhi-110001 | 27,18,200 | 2.85% |
| | Total | | 1,81,82,810 | 19.07% |

- x. The details of the Directors and Key Managerial Person (KMP) of the Demerged Company along with their addresses as well as shareholding as on 31st March 2022 are as follows :

| Sr. No. | Name | Designation | Address | Shares (Nos) | Shareholding (%) |
|---------|------------------------|----------------------------------------|------------------------------------------------------------------------------------------|--------------|------------------|
| 1 | Mr. Sanjay Dalmia | Non Executive Chairman | 9, Tees January Marg, New Delhi, 110011 | Nil | Nil |
| 2 | Mr. Anurag Dalmia | Non Executive Vice Chairman | 9, Tees January Marg, New Delhi, 110011 | 1,10,000 | 0.12% |
| 3 | Mr. Neelabh Dalmia | Executive Director (Textiles) | 9, Tees January Marg, New Delhi, 110011 | 1,04,500 | 0.11% |
| 4 | Mrs. Vijaylaxmi Joshi | Independent Director (Woman) | 564, Shriniketan CGHS Plot No. 1, Sector-7, Dwarka New Delhi – 110075 | Nil | Nil |
| 5 | Mr. Manoj Vaish | Independent Director | B - 305, Paradise, Raheja Vihar, Powai. Mumbai 400072 | Nil | Nil |
| 6 | Mr. Arun Kumar Jain | Independent Director | House No - B 802 Prateek Stylome, Sector-45, Noida -201303 (UP) | Nil | Nil |
| 7 | Justice Ravindra Singh | Independent Director | A 216, Sector – 31, Noida – 201301, UP | Nil | Nil |
| 8 | Mr. Lavanya Rastogi | Independent Director | 74 Elandor Blossom DR Tomball TX 77375 US | Nil | Nil |
| 9 | Mr. Ravi Shanker Jalan | Managing Director | 330, Mandakini Enclave Alakhnanda , New Delhi 110019 | 4,00,000 | 0.42% |
| 10 | Mr. Raman Chopra | CFO & Executive Director (Finance) | C-143, Sector-44, Noida 201303 | 1,50,000 | 0.16% |
| 11 | Mr. Bhuvneshwar Mishra | Company Secretary & Compliance Officer | C - 608, Shiksha Niketan Apartment, Sector 5, Vasundhara , Ghaziabad, PIN - 201012, U.P. | 30,000 | 0.03% |

Note: *In addition to above, Mr. Anurag Dalmia is holding 5,72,774 equity shares in HUF account and Mr. Ravi Shankar Jalan holds 100 equity shares in his HUF account. Also, Mrs. Bharti Chopra, wife of Mr. Raman Chopra, holds 18,000 equity shares and Mr. Aniket Chopra, son of Mr. Raman Chopra, holds 7,000 equity shares.

- xi. The Board of Directors of GHCL at their meeting held on 6th December 2021 unanimously approved the Scheme. The Directors who voted in favor of / against / did not participate or vote in relation to the Scheme are as follows:

| Sr. No. | Name of Directors | Voted in favour/ against/did not participate or vote |
|---------|------------------------|------------------------------------------------------|
| 1 | Mr. Sanjay Dalmia | In Favour |
| 2 | Mr. Anurag Dalmia | In Favour |
| 3 | Mr. Neelabh Dalmia | In Favour |
| 4 | Mrs. Vijaylaxmi Joshi | In Favour |
| 5 | Mr. Manoj Vaish | In Favour |
| 6 | Mr. Arun Kumar Jain | In Favour |
| 7 | Justice Ravindra Singh | In Favour |
| 8 | Mr. R S Jalan | In Favour |
| 9 | Mr. Raman Chopra | In Favour |
| 10 | Mr. Lavanya Rastogi | In Favour |

B. GHCL Textiles Limited

- i. GHCL Textiles Limited, (hereinafter referred to as 'GTL' or "the Applicant Resulting Company" or "Resulting Company") was incorporated on 17th June 2020, under the provisions of the Companies Act 2013 with the office of the Registrar of Companies, Gujarat. The Registered Office of the said Company is situated at GHCL House, Opposite Punjabi Hall, Navrangpura,

Ahmedabad-380009 in the state of Gujarat. The Resulting Company is a wholly owned subsidiary of the Applicant De-merged Company.

- ii. The e-mail Id of the Resulting Company is secretarial@ghcl.co.in.
- iii. The Permanent Account Number of the Resulting Company is AAICG3408K.
- iv. The share Capital of GTL, the Resulting Company as on 31st March 2022 was as under

| Particulars | INR |
|-----------------------------------------------|-----------|
| Authorised Share Capital | |
| 7,50,000 Equity shares of Rs. 2 each | 15,00,000 |
| Total | 15,00,000 |
| Issued, Subscribed and Paid-up Capital | |
| 50,000 equity shares of Rs, 2 each | 1,00,000 |
| Total | 1,00,000 |

Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid-up share capital of GTL. The entire share capital of the company is currently held by GHCL, the Applicant De-merged Company.

- v. The objects of GTL, the Resulting Company are set out in the Memorandum of Association. The Main Objects are as under:

1. *To carry on the business of processing, re-processing, converting, researching, developing, refining, preparing, blending, purifying, piping, dyeing, producing, developing, manufacturing, spinning, weaving, ginning, baling, pressing, retailing, formulating, acquiring, dealing in, buying, selling, storing, stocking, distributing, supplying, importing & exporting all kinds of textiles, textile products, yarns, cotton, spun, synthetic, polyester, acrylic, dyed, combed, gassed, mercerized, silk, wool, knitted fabric, fibres, dyes, cloth, leather, garments, cushions, pillows, mattresses, canvas, terry towels, terry products, bath robes, terry cloth, shearing cloth, waste cloth and derivatives, by-products, intermediates and mixtures thereof including but not limited to any kinds of home textiles, technical textiles, home furnishings, readymade garments, coverings, coated fabrics, hosiery, undergarments and silk or merchandise of every kind and description and other production goods, articles and things as are made from or with cotton, nylon, acrylics, jute and other such kinds of fibre by whatever name called or made under any process, whether natural or manmade or artificial and by mechanical or other means and all other such products of allied nature made thereof and also to set up company owned retail outlets or to issue to franchisee rights to buy, sell or otherwise deal in such products.*

- vi. Further, Object Clause 3 (B) (7) Of the Memorandum Of Association Of The Applicant Resulting Company Authorizes It To Acquire Via Demerger:

“7. To acquire or amalgamate, absorb or merge with any other company or companies or to form, promote subsidiaries having objects altogether or in part similar to those of this company.”

- vii. GTL, the Applicant Resulting Company, is a company incorporated with the object to engage in business of textiles. It is yet to start its commercial operations which are envisaged upon scheme being effective.

- viii. Shareholding Pattern of GHCL Textiles Limited as on 31st March 2022:

| S.N. | Category | Share (Nos) | Face Value | Shareholding (%) |
|-----------|----------------------------------|---------------|------------|------------------|
| A. | Promoter | | | |
| | -Individual* | 6 | 2 | 0.01% |
| | -Body Corporate | 49,994 | 2 | 99.99% |
| B. | Public | Nil | - | Nil |
| C. | Non-Promoter / Non-Public | | | |
| C1 | Shares underlying DR's | Nil | - | Nil |
| C2 | Shares held by Employee Trust | Nil | - | Nil |
| | Total [A+B+C] | 50,000 | 2 | 100% |

*Shares held as nominee(s) of GHCL Ltd.

- ix. The details of the Promoters of the Resulting Company along with their addresses as well as shareholding as on 31st March 2022 is as follows:

| S. No. | Name | Address | Share (Nos) | Shareholding (%) |
|--------|------------------------------------------------------------|----------------------------------------------------------------------------------|---------------|------------------|
| 1. | GHCL Limited | GHCL House, Opposite Punjabi Hall, Navrangpura, Ahmedabad, Gujarat-380009 | 49,994 | 99.99% |
| 2. | Mr. Neelabh Dalmia (As Nominee of GHCL Ltd.) | 9, Tees January Marg, New Delhi, 110011 | 1 | 0.00% |
| 3. | Mr. Ravi Shanker Jalan (As Nominee of GHCL Ltd.) | 330, Mandakini Enclave Alakhnanda, New Delhi 110019 | 1 | 0.00% |
| 4. | Mr. Raman Chopra (As Nominee of GHCL Ltd.) | C-143, Sector-44, Noida 201303 | 1 | 0.00% |
| 5. | Mr. Bhuvneshwar Prasad Mishra (As Nominee of GHCL Ltd.) | Flat No. C-608, Shiksha Niketan Apartments Sector-5, Vasundhara Ghaziabad 201012 | 1 | 0.00% |
| 6. | Mr. Sunil Gupta (As Nominee of GHCL Ltd.) | 411, Mandakini Enclave Alakhnanda, South Delhi, New Delhi 110019 | 1 | 0.00% |
| 7. | Mr. Abhishek Chaturvedi (As Nominee of GHCL Ltd.) | 904/906, Kabbi Bai Dharamshala, Prayag Ghat, Mathura - 281001 (Uttar Pradesh) | 1 | 0.00% |
| | Total | | 50,000 | 100% |

- x. The details of the Directors of the Resulting Company along with their addresses as well as shareholding as on 31st March 2022 is as follows :

| Sr. No. | Name | Designation | Address | % of Shares held |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------|------------------------------------------------------|------------------|
| 1 | Mr. Ravi Shanker Jalan | Director | 330, Mandakini Enclave Alakhnanda , New Delhi 110019 | 0.00%* |
| 2 | Mr. Raman Chopra | Director | C-143, Sector-44, Noida 201303 | 0.00%* |
| 3 | Mr. Neelabh Dalmia | Director | 9, Tees January Marg, New Delhi, 110011 | 0.00%* |
| *These shares are held by the Individuals on behalf of GHCL Limited in compliance of Section 3 and Section 89 of the Companies Act,2013 | | | | |

- xi. The Board of Directors of the Resulting Company have at their meeting held on 6th December 2021, unanimously approved the Scheme. The Directors who voted in favor of / against / did not participate or vote in relation to the Scheme are as follows:

| Sr. No. | Name of Director | Voted in favor/against /did not participate or vote |
|---------|--------------------|-----------------------------------------------------|
| 1 | Mr. R S Jalan | In Favour |
| 2 | Mr. Raman Chopra | In Favour |
| 3 | Mr. Neelabh Dalmia | In Favour |

7. NATURE OF BUSINESS CARRIED ON BY GTL

GTL, the Applicant Resulting Company, is a company incorporated with the object to engage in business of textiles. It is yet to start its commercial operations which are envisaged upon scheme being effective. Copy of the audited financial statements of GTL as on 31st March 2022 is annexed herewith as **ANNEXURE- 11**.

8. RELATIONSHIP BETWEEN THE COMPANIES INVOLVED IN THE SCHEME:

Both GHCL, (**'De-merged Company'**) and GTL (**'Resulting Company'**) belong to the same group of management. The Applicant Resulting Company is the wholly owned subsidiary of the Applicant De-merged Company.

9. RATIONALE/BENEFITS OF THE SCHEME AS PERCEIVED BY THE BOARD OF DIRECTORS TO THE COMPANY, MEMBERS, CREDITORS AND OTHERS (AS APPLICABLE):

The Demerged Company is *inter-alia* engaged mainly in two business verticals, namely Chemical and Spinning. The Chemical business is highly capital driven with long gestation period and the Spinning 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.

Management believes that the risk and reward associated with each of the aforesaid business verticals are different and are at different maturity stage in their life cycles. Each business verticals have a distinct attractiveness to divergent set of investors. With a view to unlock the potential of each of the business verticals, the management intends to demerge the Spinning Division, on a going concern basis, into GHCL Textiles Limited, with a resultant mirror image shareholding, and whose shares would be listed on the Stock Exchange after the demerger. It is intended for the Demerged Company to focus on the Chemical Business and the Resulting Company to focus on the Spinning Business. The management believes that such concentrated efforts shall benefit all stakeholders of the Demerged Company and Resulting Company respectively. The Scheme is expected to result in following benefits:-

- a. Facilitate focused growth, concentrated approach, business synergies and increased operational and customer focus for respective business verticals.
- b. Rationalization of operations with greater degree of operational efficiency and optimum utilization of various resources.
- c. The Resulting Company, with clear identity of being in Spinning Business, will enable 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. Ability to leverage financial and operational resources in each business verticals will lead to possibilities of joint ventures and associations with other Industry participants, both in India and globally, and will facilitate attracting greater talent pool.
- f. Each business will be able to address independent business opportunities with efficient capital allocation and attract different set of investors, strategic partners, lenders and other stakeholders, thus leading to enhanced value creation for shareholders, which would be in the best interest of the Demerged Company and Resulting Company and their respective stakeholders connected therewith.
- g. Simplification and rationalization of business undertakings holding structure of the Demerged Company.

The Scheme is not, in any manner, prejudicial or against public interest and would serve the interest of all shareholders, creditors or any other stakeholders.

10. DETAILS OF VALUATION REPORT OF APPLICANT COMPANIES

The report confirming the proposed Entitlement Ratio of Equity Shares, being just and reasonable provided by Mr. Niranjan Kumar, Registered Valuer is annexed and marked as **ANNEXURE-5**. Copy of the Fairness Opinion in form of a certificate issued by M/s. Kunvarji Finstock Private Limited, a SEBI registered Category-I Merchant Banker, dated 6th December 2021 is annexed and marked as **ANNEXURE-6**.

A copy of the Scheme of Arrangement between GHCL Limited and GHCL Textiles Limited is annexed herewith and marked as **Annexure-1**.

11. SALIENT FEATURES OF THE SCHEME:

1. Definitions:

- 1.3 **“Appointed Date”** shall mean the Effective Date;
- 1.7 **“Demerged Undertaking”** or **“Demerged Business”** means Spinning Division of GHCL Limited.
- 1.8 **“Effective Date”** means the date or last of the dates on which certified copies of the order of the NCLT sanctioning the scheme are filed by the Demerged Company and the Resulting Company with the registrar of companies. References in this scheme to the date of “coming into effect of this scheme” or “upon the scheme becoming effective” shall mean the effective date.
- 1.14 **“Remaining Business”** means all the undertakings, businesses, activities, and operations of the Demerged Company other than the Spinning Business.
- 1.21 **“Spinning Division”** or **“Spinning Business”** means and includes the undertaking of the Demerged Company related to Spinning Division consisting, inter-alia, all assets, including movable and immoveable properties and all liabilities relating thereto, whether or not recorded in the books of accounts. Assets and Liabilities of the Spinning Division shall, inter-alia, mean and include:
- 1.21.1 The assets (whether real or personal, corporeal or incorporeal, present, future, contingent, tangible or intangible) pertaining to the Spinning Division of the Demerged Company including but not limited to licenses (of any nature whatsoever), furniture, fixtures, appliances, accessories, vehicles, power plants, deposits, all stocks, assets, working capital, all customer/vendor contracts, contingent rights or benefits, entitlements, trademarks, logo, copyright, patent, brand/trade name, knowledge, innovations, goodwill, whether or not recorded or appearing in the books of accounts of the Demerged Company and/or the Resulting Company (pursuant to this Scheme) in terms of the applicable accounting standards, belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Spinning Division;
- 1.21.2 All deposits, advances, loans, receivables, funds, staff advances, advance payments to regulatory authorities, cash, bank balances, accounts and all earnest money and/or deposits including security deposits made / paid by the Demerged Company in connection with or relating to the Spinning Division;
- 1.21.3 The liabilities pertaining to / arising out of the activities or operations of the Spinning Division, inter-alia, including the following:
- All liabilities which arise out of the activities or operations of the Spinning Division.
 - Specific loans and borrowings raised, term loans from banks and financial institutions (if any), bank overdrafts, working capital loans & liabilities, incurred and utilized solely for the activities or operations of the Spinning Division;
 - Liabilities other than those referred to above, being the amounts of general or multipurpose borrowings of the Demerged Company, if any, allocated to the Spinning Division in the same proportion in which the value of the assets (ignoring the revalued amount) transferred under this Scheme bear to the total value of the assets of the Demerged Company immediately before giving effect to this Scheme;

Provided however that any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Spinning Division or whether it arises

out of the activities or operations of the Spinning Division shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company;

1.21.4 *All employees of the Demerged Company employed in/ or relatable to the Spinning Division as on the Effective Date, and as identified by the Board of Directors of the Demerged Company;*

1.21.5 *All books, records, files, papers, computer software along with their licenses, manuals and backup copies, drawings, data catalogues, and other data and records, whether in physical or electronic form, directly or indirectly in connection with or relating to the Spinning Division.*

Without prejudice to the generality of the foregoing, it is clarified that all rights, entitlements, consents, permissions, licenses, certificates, authorizations relating to the Spinning Division shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company. Further, all benefits or incentives including income tax, sales tax (including deferment of sales tax), goods and service tax, value added tax and any other direct or indirect tax(es) benefits in respect of the Spinning Division for which the Demerged Company is entitled to in terms of the various statutes and/or schemes of Union and State Governments, shall be available to and vest in the Resulting Company.

4. VESTING OF UNDERTAKING

With effect from the Appointed Date, and subject to the provisions of the Scheme, the Spinning Division of the Demerged Company, as defined in Clause 1.21 above, shall subject to the provisions of this Clause in relation to the mode of vesting and pursuant to Sections 230 to 232 of the Act and any other relevant provisions of the Act, and without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in the Resulting Company, as a going concern, in the following manner:

4.1 *With effect from the Appointed Date, the whole of the undertaking and properties comprising all tangible and intangible assets including but not limited to all kinds of contingent rights or benefits, entitlements, licenses (of any nature whatsoever), trademarks, logo, copyright, patent, brand/trade name, knowledge, innovations, goodwill, whether or not recorded or appearing in the books of accounts of the Demerged Company pertaining to the Spinning Division, as aforesaid, shall, under the provisions of Sections 230 to 232 of the Act and any other relevant provisions of the Act, if any, without any further act or deed, be transferred to and be vested in and/or be deemed to be transferred to the Resulting Company so as to vest in the Resulting Company all the rights, title and interest pertaining to the Spinning Division of the Demerged Company.*

4.2 *With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Demerged Company relating to the Spinning Division, as defined in clause 1.21 above, shall, under the provisions of Sections 230 to 232 of the Act and any other relevant provisions of the Act, without any further act or deed, be transferred to and/or deemed to be transferred to the Resulting Company as the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities and obligations have arisen in order to give effect to the provisions of this sub-clause.*

4.3 *The vesting of the Spinning Division as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any*

loans or borrowings of the Spinning Division, provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, wherein the assets of the Spinning Division have been or are offered or agreed to be offered as securities for any financial assistance or obligations, shall be construed as a reference to only the assets pertaining to the Spinning Division as are vested in the Resulting Company as per the Scheme, to the end and intent that any such security, charge, hypothecation and mortgage shall not extend or be deemed to extend to any of the other assets of the Demerged Company or any other assets of the Resulting Company. Provided further, that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Resulting Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges, hypothecation and mortgages shall not extend or be deemed to extend to any of the other assets of Resulting Company.

- 4.4 *With effect from the Appointed Date and upon the Scheme becoming effective any statutory licenses, certificates, permissions, unique identification numbers, registrations or approval or consents held by the Demerged Company required to carry on operations in the Demerged Undertaking shall stand vested in or transferred and deem to be transferred to and vested to the Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company. The Resulting Company and/or the Demerged Company shall file intimation with the relevant authorities, who shall take the same on record, or undertake necessary actions as may be required, for having the said licenses, certificates, permissions, registration, unique identification numbers, etc. vested or transferred to the Resulting Company.*
- 4.5 *With effect from the Appointed Date, all documents of title, deeds, papers, contracts, licenses etc. pertaining to the Spinning Division shall be handed over to the Resulting Company.*
- 4.6 *With effect from the Appointed Date, the transfer and vesting of the assets of the Demerged Company relating to the Spinning Division shall be affected as follows:*
- 4.6.1 *The immoveable properties including land, building and structures, if any, belonging to and/or vested in the Spinning Division shall be transferred to and vested in or deemed to have been transferred to the Resulting Company. With effect from the Appointed Date, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes, if any, and fulfill all obligations in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of the Resulting Company shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the NCLT and this Scheme becoming effective in accordance with the terms hereof.*
- 4.6.2 *Notwithstanding anything contained in this Scheme, the immovable properties of the Demerged Company pertaining to the Demerged Undertaking situated in different states, whether owned or leased, for the purpose of, inter alia, payment of stamp duty, and vesting into the Resulting Company and if the Resulting Company so decides, the concerned parties, upon the Scheme becoming Effective, shall execute or register or cause so to be done, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Resulting Company in respect of such immovable properties. Each of the immovable properties, only for the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a value as determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of the Scheme.*

- 1.1.3 *All the movable assets of the Spinning Division or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand shall be physically handed over by manual delivery to the Resulting Company to the end and intent that the property therein passes to the Resulting Company on such delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of the Resulting Company accordingly.*
- 1.1.4 *In respect of movable assets, other than those specified in sub-clause 4.6.3 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, pursuant to the order of the NCLT, the said debt, loan, advances, etc. would be paid or made good or held on account of the Resulting Company as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realize the same stands extinguished, and that such rights to recover or realize the same shall vest in the Resulting Company. Pursuant to the order of the NCLT sanctioning the Scheme, each person, debtor or depositee of the Spinning Division of the Demerged Company would pay the debt, loan or advance or make good the same or hold the same to the account of the Resulting Company and that the right of the Resulting Company to recover or realize the same would be in substitution of the right of the Demerged Company.*
- 4.7 *Any loans or other obligations, if any, due between the Spinning Division of the Demerged Company and the Resulting Company or any other transactions between the Spinning Division of the Demerged Company and the Resulting Company as on the Appointed Date, shall stand automatically extinguished.*
- 4.8 *All taxes, duties, cess payable by the Demerged Company relating to the Spinning Division and all or any refunds/credit (including cenvat credits)/claims relating thereto shall be treated as the liability or refunds/credit/claims, as the case may be, of the Resulting Company.*
- 4.9 *The experience, track record, knowledge, innovations and credentials of the Demerged Company in relation to the Demerged Undertaking in dealing with identified products and/or services in relation to various authorities, agencies and clients prior to its transfer to the Resulting Company shall be taken into account and treated and recognize as the experience, track record, knowledge, innovations and credentials in relation to such Demerged Undertaking even after its transfer to the Resulting Company.*
- 4.10 *On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank accounts of the Demerged Company pertaining to the Demerged Undertaking, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Demerged Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.*
- 4.11 *This Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under Section 2(19AA) of the Income tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the said provisions at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with conditions contained in Section 2(19AA) of the Income tax Act, 1961. Such modification will however not affect other parts of the Scheme.*

5. CONSIDERATION

- 5.1 *The Resulting Company shall without any further act, issue and allot its equity shares of face value of Rs. 2 each as consideration to each equity shareholder of the Demerged Company, whose name is recorded in the register of members of the Demerged Company as on Record date or to their respective heirs, executors, administrators or other legal representatives or successors-in-title, as the case may be, in the following manner:*
- “1 (One) equity share of the Resulting Company of face value of INR 2 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in the Demerged Company (i.e. GHCL)”***
- 5.2 *The aforesaid ratio for the issue of equity shares by the Resulting Company against the equity shares held by the shareholders in the Demerged Company is based on the recommendations made in the Share Entitlement Report dated 6-December-2021 issued by Mr. Niranjan Kumar, Registered Valuer, having IBBI registration No – IBBI/RV/06/2018/10137.*
- 5.3 *Equity shares to be issued and allotted in terms hereof will be subject to the Memorandum of Association and Articles of Association of the Resulting Company and shall be deemed to be in compliance with the provisions of the Act or any law for the time being in force.*
- 5.4 *Issuance of new shares by the Resulting Company shall be made in compliance with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Master Circular issued by the Securities and Exchange Board of India on November 23, 2021 bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 or any statutory modification or re-enactment thereof from time to time.*
- 5.5 *The equity shares shall be issued in dematerialized form to those shareholders who hold shares of the Demerged Company in dematerialized form, into the account in which shares of the Demerged Company are held or such other account as is intimated in writing by the shareholders to the Demerged Company and/or its Registrar. All the shareholders who hold shares of the Demerged Company in physical form shall also have the option to receive the equity shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the Demerged Company and/or its Registrar on or before the Record Date. The shareholders who fail to provide such details shall be issued equity shares in physical form. Notwithstanding the above, if as per Applicable laws, the Resulting Company is not permitted to issue and allot the new equity shares in physical form and it has still not received the demat account details of such shareholders of the Demerged Company, the Resulting Company shall issue and allot such shares in lieu of the new equity share entitlement of such shareholders, into a Demat Suspense account, which shall be operated by one of the directors of the Resulting Company, duly authorised in this regard, who shall upon receipt of appropriate evidence from such shareholders regarding their entitlements, will transfer from such Demat Suspense account into the individual demat account of such claimant shareholders, such number of shares as may be required in terms of this scheme.*
- 5.6 *The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange. Further, there shall be no change in the shareholding pattern of GHCL Textiles Ltd (Resulting Company) between the record date and the listing date, which may affect the status of approval from Stock exchange(s).*
- 5.7 *The new shares to be issued by the Resulting Company in respect of any equity shares of the Demerged Company which are held in abeyance under the provision of section 126 of the Act or otherwise, shall also be kept in abeyance.*

- 5.8 *Upon the issuance and allotment of equity shares pursuant to the Scheme, the Resulting Company shall take necessary steps, including the filling of the applications with Stock Exchanges, for the purpose of listing of the equity shares of the Resulting Company on such recognized Stock Exchanges, in accordance with the Applicable Laws.*
- 5.9 *The approval of this Scheme by the requisite majority of shareholders of the Resulting Company shall be deemed to be in due compliance of the provisions of Section 62 of the Act, and other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Resulting Company to the shareholders of the Demerged Company, as provided in this Scheme.*
- 6. REORGANIZATION OF AUTHORISED SHARE CAPITAL OF THE DEMERGED COMPANY**
- 6.1 *Upon this Scheme becoming effective and with effect from the Appointed Date, a part of the authorised share capital of the Demerged Company shall stand transferred to and form part of the authorised share capital of the Resulting Company, without any further act or deed and simultaneously with a re-classification of the authorised share capital of the Resulting Company in accordance with the provisions of section 61 of the Act, and the fee, if any, paid by the Demerged Company on its authorised share capital shall be set off against any fee payable by the Resulting Company on its authorised capital, subsequent to the Demerger.*
- 6.2 *Upon this Scheme coming into effect and with effect from the Appointed Date (and consequent to transfer of a part of the existing authorised share capital of the Demerged Company to the Resulting Company), the authorised share capital of the Demerged Company shall stand reduced by 3,50,00,000 equity shares of Rs. 10 each. Such reduced authorised share capital shall stand transferred to the Resulting Company. Revised Clause 5 of the Memorandum of Association of the Demerged Company, post giving effect to above transfer, shall stand modified and be substituted by the following:*
- “The Authorised Share Capital of the Company is Rs 140,00,00,000/- divided into 14,00,00,000 equity shares of Rs 10 each.”*
- 6.3 *Accordingly, Clause V of the Memorandum of Association of the Resulting Company shall stand modified and be substituted by the following:*
- “The Authorised Share Capital of the Company is Rs 35,15,00,000/- divided into 17,57,50,000 equity shares of Rs 2 each.”*
- 6.4 *It is hereby clarified that the consent of the shareholders of the Demerged Company and the Resulting Company to this Scheme shall be sufficient for the purposes of effecting the aforesaid amendments in the Memorandum of Association of the Demerged Company and the Resulting Company and that no further resolutions, whether under the applicable provisions of the Act or under the Articles of Association, shall be required to be separately passed. The fees and the stamp duty paid by the Demerged Company on its authorised share capital shall be set-off against any fees payable by the Resulting Company on increase in its authorised share capital subsequent to demerger as mentioned in this clause 6. Balance fees if any payable, after the aforesaid adjustment, by the Resulting Company shall be duly paid upon the sanctioning of the Scheme.*
- 6.5 *The Demerged Company and the Resulting Company shall file with the jurisdictional Registrar of Companies, all requisite forms and complete the requirements under the Act, if any.*

7. ACCOUNTING TREATMENT

7.1 In the books of the Demerged Company:

With effect from the Appointed Date, the Demerged Company shall account for the Scheme in its books of accounts in accordance with Appendix A of Indian Accounting Standards (Ind AS) 10 'Distribution of Non-cash Assets to Owners' prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time. Accordingly, the Demerged Company shall provide the following accounting treatment in its books of accounts:

- 7.1.1. Recognise liability for Distribution of Non-Cash Assets to owners as dividend, to the extent of fair value of the Spinning Business ("Demerged Undertaking"), with a corresponding debit to the Other equity solely to meet the requirements of Ind-AS notified under Section 133 of the Act. The liability is subject to review at each reporting date and at the date of settlement, with any changes in the carrying amount of the liability recognised in Other equity as an adjustment to the amount of distribution.*
- 7.1.2. Reduce the carrying amount of all assets and liabilities pertaining to the Demerged Undertaking, being transferred to the Resulting Company, from the respective book value of assets and liabilities of the Demerged Company;*
- 7.1.3. The Demerged company shall recognise the difference, if any, between the carrying amount of the assets and liabilities distributed and the carrying amount of the liability derecognised in the Statement of profit and loss, solely to meet the requirements of Ind-AS notified under Section 133 of the Act;*
- 7.1.4. Entire investment made by the Demerged Company in the equity share capital of the Resulting Company shall stand cancelled;*
- 7.1.5. For accounting purpose, the Scheme will be given effect on later of Appointed date or the date when all substantial conditions for the transfer of Demerged Undertaking are completed.*
- 7.1.6. Any matter not dealt with in Clause hereinabove shall be dealt with in accordance with the accounting standards applicable to the Demerged Company.*

7.2 In the books of the Resulting Company

With effect from the Appointed Date, the Resulting Company shall account for the Scheme in its books of accounts in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Act, under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time and generally accepted accounting principles in India. Accordingly, the Resulting Company shall provide the following accounting treatment in its books of accounts.

- 7.2.1. Record the assets and liabilities of the Spinning Business ("Demerged Undertaking") of the Demerged Company, vested in it pursuant to this Scheme at their respective carrying values as appearing in the books of Demerged Company.*
- 7.2.2. Record the equity shares issued and allotted by it pursuant to the Scheme at its fair value. The difference between the fair value of equity shares issued and the face value of equity shares issued will be classified as Securities Premium under the head "Other Equity".*
- 7.2.3. The difference between the fair value of the equity shares issued by the Resulting Company to the shareholders of the Demerged Company as per Clause 5 and the book value of the assets and liabilities of the Demerged Undertaking received*

from the Demerged Company will be debited/credited to equity and classified as "Capital reserve under the head "Other Equity".

- 7.2.4. Shares held by the Demerged Company in the Resulting Company shall stand cancelled. There shall be no further obligation in respect of the cancelled shares. The cancellation of share capital will be affected as part of this Scheme in accordance with provision of Section 66 of the Act and the order of the NCLT shall be deemed to be the order under the applicable provisions of the Act for confirming the cancellation of share capital.*
- 7.2.5. For accounting purpose, the Scheme will be given effect on later of Appointed date or the date when all substantial conditions for the transfer of Demerged Undertaking are completed.*
- 7.2.6. Any matter not dealt with in Clause hereinabove shall be dealt with in accordance with the accounting standards applicable to the Resulting Company.*

11. LEGAL PROCEEDINGS

- 11.1 All legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising at the Appointed Date in relation to the Spinning Division shall be continued and enforced by or against the Resulting Company, and the Resulting Company will bear the liabilities of such proceedings at its own cost. The Demerged Company shall extend all its assistance to defend such proceedings at the cost of the Resulting Company.*
- 11.2 Subsequent to the Appointed Date, if any proceedings are initiated by any third party (including regulatory authorities) by or against the Spinning Division of the Demerged Company under any statute, such proceedings shall be continued and enforced only against the Resulting Company and the Resulting Company shall bear the liabilities of such proceedings at its own cost. The Demerged Company shall extend all its assistance to defend the liabilities of such proceedings at the cost of the Resulting Company.*

12. TREATMENT OF TAXES

- 12.1 Upon this Scheme becoming effective and with effect from the Appointed Date, all taxes and duties payable, if any, by the Demerged Company (including but not limited to the IT Act, Goods and Services Tax, Customs Act, Central Excise Act, State Sales Tax laws, Central Sales Tax Act, VAT/ Service tax and all other Applicable Laws), accruing and relating to the Spinning Division from the Appointed Date onwards, including all advance tax payments, TDS, minimum alternate tax, any refund and claims shall, for all purposes, be treated as advance tax payables or payments, TDS, minimum alternate tax or refunds and claims, as the case may be, of the Resulting Company.*
- 12.2 Upon this Scheme becoming effective, all existing and future incentives, unavailed credits and exemptions/deductions, subsidies (including but not limited to subsidy available to the Demerged Undertaking under the Technology Up-gradation Fund scheme along with all refunds), grants, Taxes, and tax credit/ incentives (including but not limited to credits/incentives in respect of income tax, value added tax, sales tax, service tax, goods and services tax etc.), deferred tax benefits, advance tax, minimum alternate tax, benefit of carried forward losses, unabsorbed tax depreciation, tax holidays and other statutory benefits, including in respect of income tax (including TDS, tax collected at source, advance tax, minimum alternate tax credit etc.), cenvat, customs, value added tax, sales tax, service tax, goods and services tax etc. relating to the Spinning Division to which the Demerged Company is entitled / obliged to shall be available to and vest in the Resulting Company, without any further act or deed.*
- 12.3 Upon this Scheme becoming effective, the Demerged Company and the Resulting Company are permitted to revise and file their respective income tax returns, withholding tax returns, including TDS certificates, goods and services tax, sales tax/value added tax returns, service tax returns and*

other tax returns, and to claim refunds/credits/exemptions/deductions, if any, as may be required for the purpose of /consequent to the implementation of the Scheme.

- 12.4 *The Board of Directors of the Demerged Company and the Resulting Company shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Spinning Division and whether the same would be transferred to the Resulting Company or decide on any other matters.*
- 12.5 *Upon the Scheme becoming effective, any TDS deposited, TDS certificates issued or TDS returns filed by the Demerged Company, if any, relating to the Spinning Division shall continue to hold good as if such TDS amounts were deposited, TDS certificates were issued and TDS returns were filed by the Resulting Company.*
- 12.6 *All the expenses incurred by the Demerged Company and the Resulting Company in relation to the Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Demerged Company and the Resulting Company in accordance with the Section 35DD of the IT Act over a period of 5 (five) years beginning with the previous year in which the Scheme becomes effective.*
- 12.7 *Any refund under the tax laws due to the Demerged Company pertaining to the Spinning Division consequent to the assessments made on the Demerged Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall belong to and be received by the Resulting Company. The relevant authorities shall be bound to transfer to the account of and give credit for the same to the Resulting Company upon this Scheme becoming effective upon relevant proof and documents being provided to the said authorities.*
- 12.8 *All tax assessment proceedings/ appeals/ litigations of whatsoever nature by or against the Demerged Company, whether pending on the Appointed Date or which are instituted at any time in the future, and relating to the Demerged Undertaking of the Demerged Company, shall be continued and/or enforced by or against the Demerged Company until the Effective Date. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Undertaking of the Demerged Company.*
- 12.9 *Further, the aforementioned proceedings shall neither abate or be discontinued nor be in any way prejudicially affected by reason of the demerger of the Demerged Undertaking of the Demerged Company or anything contained in the Scheme.*
- 12.10 *Any tax liabilities under the income tax laws, service tax laws, goods and services tax laws, excise duty laws, applicable state value added tax laws or other Applicable Laws /regulations dealing with taxes/ duties/ levies applicable to the Demerged Undertaking of the Demerged Company to the extent not provided for or covered by tax provisions in the accounts made as on the Appointed Date shall be transferred to the Resulting Company. Any surplus in the provision for taxation/ duties/ levies account including advance tax and tax deducted at source, relating to the Demerged Undertaking, as on the Appointed Date will also be transferred to the account of the Resulting Company.*
- 12.11 *Without prejudice to the generality of the above, all benefits, incentives, tax losses, unabsorbed depreciation, credits (including, without limitation income tax, goods and services tax, service tax, excise duty, applicable state value added tax, etc.) to which the Demerged Undertaking of the Demerged Company is entitled to in terms of Applicable Laws, shall be available to and vest in the Resulting Company.*
- 12.12 *Upon the Scheme becoming effective, any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting*

Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same, stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

12.13 *It is reiterated that the Demerger of the Spinning Division of the Demerged Company into the Resulting Company pursuant to this scheme shall take place with effect from the Appointed Date and shall be in accordance with the provision of Section 2(19AA) and all other provisions of the of the Income Tax Act, 1961. Upon the Scheme coming into effect, for the purpose of Income Tax Act, 1961, the Resulting Company shall account for the transaction relating to the Spinning Division from the Appointed Date and shall draw its books of account to the extent required to give effect to the Scheme.*

15. COMPLIANCE WITH TAX LAWS

15.1 *This Scheme, in so far as it relates to the demerger of the Spinning Division of the Demerged Company into the Resulting Company, has been drawn up to comply with the conditions relating to “Demerger” as specified under Section 2(19AA) of the IT Act, which include the following:*

- a) *all the assets and properties of the Undertaking, being transferred by the Demerged Company, immediately before the demerger shall become the properties of Resulting Company, respectively, by virtue of such Demerger;*
- b) *all the liabilities relatable to the Undertaking, being transferred by the Demerged Company, immediately before the demerger, become the liabilities of the Resulting Company by virtue of the demerger;*
- c) *the property and the liabilities of the Undertaking or Undertakings being transferred by the Demerged Company are transferred at values appearing in its books of account immediately before the demerger;*

This provision shall not apply where the Resulting Company records the value of the property and the liabilities of the Undertaking at a value different from the value appearing in the books of account of the Demerged Company, immediately before the demerger, in compliance to the Indian Accounting Standards specified in Annexure to the Companies (Indian Accounting Standards) Rules, 2015.

- d) *the Resulting Company issues, in consideration of the demerger, its shares to the shareholders of the Demerged Company on a proportionate basis, except where the Resulting Company itself is a shareholder of the Demerged Company;*
- e) *the shareholders holding not less than three-fourths in value of the shares in the Demerged Company (other than shares already held therein immediately before the demerger by, or by a nominee for, the Resulting Company or, its subsidiary) become shareholders of the Resulting Company by virtue of the demerger, otherwise than as a result of the acquisition of the property or assets of the Demerged Company or any undertaking thereof by the Resulting Company; and*
- f) *the transfer of the Undertaking shall be on a going concern basis; and other relevant sections (including Sections 47 and 72A) of the IT Act.*

15.2 *If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date whether as a result of a new enactment any amendment or coming into force of any provision of the IT Act or any other law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail and this Scheme shall be modified accordingly with consent of each of the Companies (acting through their respective Board of Directors).*

16. REMAINING BUSINESS AND OTHER LIABILITIES

16.1 *The Demerged Company shall continue to carry on the Remaining Business. All the assets, liabilities and obligations pertaining to the Remaining Business arising prior to, on or after the Appointed Date including liabilities other than those transferred to the Resulting Company under*

Clause 1.21 of this Scheme shall continue to belong to, be vested in and be managed by the Demerged Company

- 16.2 Save and except the Demerged Undertaking of the Demerged Company and as expressly provided in the Scheme, nothing contained in this Scheme shall effect the Remaining Business of the Demerged Company, or any other Business, assets and liabilities of the Demerged Company, which shall continue to belong to and be vested in and be managed by the Demerged Company. “

THE FEATURES SET OUT ABOVE BEING ONLY THE SALIENT FEATURES OF THE SCHEME, YOU ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME TO GET FULLY ACQUAINTED WITH THE PROVISIONS THEREOF.

12. There are no proceedings/investigation pending against any of the Applicant Companies under Sections 210 – 217, 219, 220, 223, 224, 225, 226 & 227 of the Companies Act, 2013 and/or Sections 235 to 251 of the Companies Act, 1956 and the like. There are no winding up petitions pending against any of the Applicant Companies. There are no pending proceedings against either of the companies under the Insolvency and Bankruptcy Code.

- 13. Disclosure about effect of compromise or arrangement on material interest of Directors, Key Managerial Personnel and debenture trustee:**

The Directors of both the De-merged Company and Resulting Company may be deemed to be concerned and/or interested in the Scheme of Arrangement only to the extent of their respective shareholding in these companies. The statement indicating the shareholding of the Directors and Key Managerial Personnel in both the Applicant Companies are annexed with this notice.

14. The Scheme of Arrangement does not envisages any capital or debt restructuring.

- 15. Amounts due to Secured Creditors of GHCL as on 31st May 2022**

Particulars of amounts due to Secured Creditors from De-merged Company involved in the Scheme as of 31st May 2022, based on unaudited financials, are detailed herein:

| | Name of Secured Creditors | Amount (in Rs.) |
|---|----------------------------------|------------------------|
| 1 | State Bank of India | 918130481 |
| 2 | Export Import Bank of India | 2238759286 |
| 3 | HDFC Bank Ltd. | 2110935385 |
| 4 | Union Bank of India | 534572124 |
| 5 | IDBI Bank Ltd. | 569679020 |
| 6 | Axis Bank | 4148131 |
| 7 | ICICI Bank Ltd. | 1000000000 |
| | Total | 7376224427 |

- 16. Amounts due to Unsecured Creditors of GHCL as on 31st May 2022**

Particulars of amounts due to Unsecured Creditors from respective Companies involved in the Scheme as at 31st May, 2022, based on unaudited financials, are detailed herein:

| Particulars of Unsecured Creditors | Nos. | Rs. In Crores | % |
|----------------------------------------------------------------------------|-------------|----------------------|----------|
| Outstanding amount below Rs. 50,000 as on 31 st May 2022 | 370 | 0.58 | 0.27% |
| Outstanding amount of Rs. 50,000 and above as on 31 st May 2022 | 586 | 217.21 | 99.73% |
| Total | 956 | 217.79 | |

17. **Equity Shareholders of the GHCL Textiles Limited as on 31st May 2022**

| Name of Shareholders | No. of Equity Share Holders | Value of Shares (Amount in Rs.) |
|-----------------------------------------------------------------------------|-----------------------------|---------------------------------|
| GHCL Limited | 1 | 99,988 |
| Neelabh Dalmia* | | 2 |
| Ravi Shankar Jalan* | 1 | 2 |
| Raman Chopra* | 1 | 2 |
| Bhuvneshwar Mishra* | 1 | 2 |
| Sunil Gupta * | 1 | 2 |
| Abhishek Chaturvedi* | 1 | 2 |
| Total | 50,000 | 1,00,000 |
| *nominee shareholders holding equity share on behalf of GHCL Limited | | |

18. **Capital Structure Post Scheme:**

Post Scheme (expected) shareholding pattern of GHCL and GTL basis 31st March 2022, is as under:

A. GHCL Limited:

As, there will be no issue of equity shares by GHCL Limited upon the Scheme of Arrangement being effective, there will be no change in the pre-scheme and post-scheme capital structure.

B. GHCL Textiles Limited:

| S.N. | Category | Equity Share (Nos) | Face Value per share | Shareholding (%) |
|------------|------------------------------------------------------------------------------------|--------------------|----------------------|------------------|
| (A) | Promoter & Promoter Group | | | |
| (1) | Indian | | | |
| (a) | Individuals / HUF | 7,87,274 | 2 | 0.83% |
| (b) | Bodies Corporate | 1,18,87,636 | 2 | 12.69% |
| | Sub Total (A)(1) | 1,26,74,910 | 2 | 13.29% |
| (2) | Foreign | | | |
| (a) | Body Corporate | 55,07,900 | 2 | 5.78% |
| | Sub Total (A)(2) | 55,07,900 | 2 | 5.78% |
| | Total Shareholding of Promoter and Promoter Group [A=(A)(1)+(A)(2)] | 1,81,82,810 | 2 | 19.07% |
| (B) | Public Shareholding | | | |
| (1) | Institutions | | | |
| (a) | Mutual Funds | 1,44,50,142 | 2 | 15.15% |
| (b) | Alternate Investment Funds | 1,69,186 | 2 | 0.18% |
| (c) | Foreign Portfolio Investors | 1,47,02,681 | 2 | 15.42% |
| (d) | Financial Institutions/ Banks | 7,004 | 2 | 0.01% |
| (e) | Insurance Companies | 35,65,848 | 2 | 3.74% |
| | Sub Total (B)(1) | 3,28,94,861 | 2 | 34.50% |
| (2) | Central Government/ State Government(s)/ President of India | 19 | 2 | 0.00% |
| | Sub Total (B)(2) | 19 | 2 | 0.00% |
| (3) | Non-Institutions | | | |
| (a) | (i) Individual shareholders holding nominal share capital upto Rs. 2 Lacs | 1,56,86,408 | 2 | 16.45% |
| | (ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lacs | 65,39,489 | 2 | 6.86% |
| (b) | NBFCs registered with RBI | 1,250 | 2 | 0.00% |
| (c) | Any Other (specify) | | | |
| | <i>IEPF</i> | <i>10,23,113</i> | <i>2</i> | <i>1.07%</i> |
| | <i>Trusts</i> | <i>4,71,542</i> | <i>2</i> | <i>0.49%</i> |

| S.N. | Category | Equity Share (Nos) | Face Value per share | Shareholding (%) |
|------|--------------------------------------------------------------|--------------------|----------------------|------------------|
| | Foreign Companies | 500 | 2 | 0.00% |
| | HUF | 10,98,372 | 2 | 1.08% |
| | Non-Resident Indians (NRI) | 15,42,706 | 2 | 1.62% |
| | Other Directors & Relatives | 5,75,100 | 2 | 0.60% |
| | Ltd. Liability Partnership | 11,64,350 | 2 | 1.22% |
| | Clearing Member | 2,32,456 | 2 | 0.24% |
| | Bodies Corporate | 1,59,37,810 | 2 | 16.71% |
| | Sub Total (B)(3) | 4,42,73,096 | 2 | 46.43% |
| | Total Public Shareholding [(B)= (B)(1)+(B)(2)+(B)(3)] | 7,71,67,976 | 2 | 80.93% |
| (C) | Non-Promoter Non-Public | - | - | - |
| | Total Shareholding [(A)+(B)+(C)] | 9,53,50,786 | 2 | 100.00% |

Shareholding of GHCL Limited (**'Demerged company'**) and GHCL Textiles Limited (**'Resulting Company'**) shall be same as on the record date (to be fixed by the Board of directors of respective companies) since the Scheme provides for mirror shareholding i.e. 1 (One) equity share of the Resulting Company (i.e. GHCL Textiles) of face value of INR 2 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in the Demerged Company (i.e. GHCL). Further, please note that the post-scheme shareholding details of GHCL Textiles Ltd., depicted above, is based on shareholding pattern of GHCL Limited as on 31st March 2022 and hence, the same may undergo a change upon the effectiveness of the Scheme.

19. **Effect of the Scheme on various parties:**

i. **Directors and Key Managerial Personnel (KMP)**

The Directors, KMP and their respective relatives of GHCL and GTL may be affected only to the extent of their shareholding in respective companies and to the extent that the said Directors / KMP are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in the said companies, if any. Save as aforesaid, none of the Directors / KMP of the said companies have any material interest in the Scheme.

Details of the Directors and Key Managerial Personnel (KMP) and their respective relatives and their respective equity shareholding in Demerged Company and the Resulting Company as on 31st March 2022 are as follows:

Equity Share Capital:

A. GHCL Limited ('GHCL'):

| S.No. | Name of Directors | Shares (%) held in | |
|-------|------------------------|--------------------|--------|
| | | GHCL | GTL |
| 1. | Mr. Sanjay Dalmia | - | - |
| 2. | Mr. Anurag Dalmia | 0.12% | - |
| 3. | Mr. Neelabh Dalmia | 0.11% | 0.00%* |
| 4. | Mrs. Vijaylaxmi Joshi | - | - |
| 5. | Mr. Manoj Vaish | - | - |
| 6. | Mr. Arun Kumar Jain | - | - |
| 7. | Justice Ravindra Singh | - | - |
| 8. | Mr. Lavanya Rastogi | - | - |
| 9. | Mr. R S Jalan | 0.42% | 0.00%* |
| 10. | Mr. Raman Chopra | 0.16% | 0.00%* |

* Holding 1 equity share each as nominee shareholder on behalf of GHCL Limited.

| S.No. | Name of KMP / Relative of KMPs | Shares (%) held in | |
|-------|--------------------------------|--------------------|--------|
| | | GHCL | GTL |
| 1. | Mr. R S Jalan | 0.42% | 0.00%* |
| 2. | Mr. Raman Chopra | 0.16% | 0.00%* |
| 3. | Mr. Neelabh Dalmia | 0.11% | 0.00%* |
| 4. | Mr. Bhuwadeshwar Mishra | 0.03% | 0.00%* |
| 5. | Mrs. Sarita Jalan | - | - |
| 6. | Mrs. Bharti Chopra | 0.02% | - |
| 7. | Mr. Aniket Chopra | 0.01% | - |
| 8. | Mrs. Vandana Mishra | - | - |

* Holding 1 equity share each as nominee shareholder on behalf of GHCL Limited.

B. GHCL Textiles Limited ('GTL'):

| S.No. | Name of Directors / KMP / Relatives of KMP | Shares (%) held in | |
|-------|--------------------------------------------|--------------------|--------|
| | | GHCL | GTL |
| 1. | Ravi Shanker Jalan | 0.42% | 0.00%* |
| 2. | Neelabh Dalmia | 0.11% | 0.00%* |
| 3. | Raman Chopra | 0.16% | 0.00%* |
| 4. | Mrs. Bharti Chopra | 0.02% | - |
| 5. | Mr. Aniket Chopra | 0.01% | - |

* Holding 1 equity share each as nominee shareholder on behalf of GHCL Limited.

ii. Promoter and Non-Promoter Members

Both the promoter and non-promoter shareholders of the Demerged Company will receive shares in the Resulting Company as per terms and conditions, detailed in the Scheme of Arrangement.

The Resulting Company shall issue its equity shares to the shareholders (promoter and non-promoter) of the Demerged Company as per terms and conditions, detailed in the Scheme of Arrangement.

Pursuant to the Scheme, there will be a cancellation of equity share capital of the Resulting Company to the extent of equity share capital held by Demerged Company (Pre-demerger) in the Resulting Company.

iii. Creditors

The Creditors of GHCL and GTL will not be affected by the Scheme, since all the liabilities of De-merged Undertaking of GHCL shall be transferred to GTL and GTL will discharge all such liabilities in the normal course of business without jeopardizing the rights of the creditors.

iv. Depositors, Debenture Holders and Deposit Trustee and Debenture Trustee

No effect of the Scheme on Depositors, Debenture Holders and Deposit Trustee and Debenture Trustee since there are no Depositors, Debenture Holders and Deposit Trustee and Debenture Trustee in the De-merged Company.

v. Employees

- Upon the Scheme becoming effective, all employees of the Demerged Undertaking of the GHCL, Demerged Company ('**Transferred Employee**') in service as on the Effective Date shall be deemed to have become the employees of the Resulting Company with effect from

the Appointed Date without any interruption in their service as a result of the transfer of the Demerged Undertaking to the GTL, Resulting Company on the same terms and conditions of employment as were with the Demerged Company. On the basis of continuity of service, the terms and conditions of their employment with the Resulting Company shall not be less favorable than those applicable to them with reference to the Demerged Undertaking of the Demerged Company as on the Effective Date.

- The existing provident fund trust and pension fund trust, gratuity fund, superannuation fund, NPS fund or any other fund, as applicable, for the transferred employees of the Demerged Undertaking shall be continued for the benefit of such employees including employees who may hereafter join the Resulting Company on the same terms and conditions and with effect from such date, the Resulting Company shall make the necessary contribution for such employees taken over by the Resulting Company until the Resulting Company constitutes its own provident fund, gratuity fund, superannuation fund or any other special fund and obtains necessary approval for the same. Upon the Scheme being effective, the Resulting Company shall stand substituted for the Demerged Company for all purposes whatsoever related to the administration or operation of such trust or fund or in relation to the obligations to make a contribution to the said funds in accordance with the provisions of the trust or funds or according to the terms provided in the respective trust deeds or other documents. The Resulting Company undertakes to discharge all the duties and obligations and assumes all the rights and powers of the Demerged Company, upon the Scheme being effective, in relation to aforesaid trusts or funds of the Demerged Company in relation to the Demerged Undertaking. The services of the staff, workmen and other employees of the Demerged Undertaking will be treated as having been continuous for the purposes of the aforesaid trusts/ funds or provisions of any trust/ funds for employees. The amount of liability in respect of gratuity and leave (determined as the sum payable on the Appointed Date as if the same were due) relating to the employees of the Demerged Undertaking shall be appropriately adjusted by the Demerged Company and transferred to the Resulting Company.
- GTL, Resulting Company undertakes to continue to abide by any agreement(s) / settlement(s) entered into with any labour unions/ employees by the Demerged Company in relation to the Demerged Undertaking. The Resulting Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such employees with the Demerged Company shall also be taken into account and agrees and undertakes to pay the same as and when payable. Upon the Scheme becoming effective, in order to compensate the employees that had been granted options under the Demerged Company ESOP Plan (if applicable), and who have been transferred pursuant to the Scheme, shall be granted employee stock options by the Resulting Company, subject to applicable regulatory laws. Upon the Scheme becoming effective, the Resulting Company shall issue fresh employee stock options, subject to applicable regulatory laws, to the Transferred Employees employed by it pursuant to the Scheme taking into account the applicable share exchange ratio mentioned in Clause 5 of the Scheme, and on terms and conditions not less favorable than those provided under the Demerged Company ESOP Plan. Such stock options may be issued by the Resulting Company either under its existing employee stock option plan or a revised stock option plan for the Transferred Employees or under a separate employee stock option plan created by the Resulting Company inter alia for the purpose of granting stock options to the Transferred Employees pursuant to this Scheme. The period served by the Transferred Employees in the Demerged Company prior to the effectiveness of the Scheme shall be taken into account by the Resulting Company to determine the vesting periods for the employee stock options to be granted by the Resulting Company to the Transferred Employees.

- In the event that prior to the Scheme becoming effective, any of the Transferred Employees have exercised (if any) the employee stock options granted to them under the Demerged Company ESOP Plan, the Resulting Company will not need to issue any fresh employee stock options to such Transferred Employees and as on the Record Date, such Transferred Employees shall be treated at par with the other equity shareholders of the Demerged Company. In the event that the stock options, if any, granted to a Transferred Employee lapse prior to the coming into effect of the Scheme, no further action will be needed to be taken by the Resulting Company in relation to such lapsed employee stock options held by the Transferred Employee.
- The terms and conditions of the Demerged Company ESOP Plan (if any) would be revised, by the Board/Shareholders (as may be applicable) of the Demerged Company, such that the employees of the Demerged Company who are not transferred pursuant to this Scheme are not adversely affected.

vi. **Effect of the Scheme on material interest of Directors, KMP**

None of the Directors and Key Managerial Personnel of GHCL Limited and GTL respectively have any material personal interest in the Scheme, save to the extent of shares held by the Directors / KMP in the said companies. Their interest shall not be treated differentially than the other shareholders.

20. The Scheme is conditional upon and subject to:
- a) The requisite consent, approval, or permission of the Central Government or any other statutory or regulatory authority, including stock exchange(s) and/or Securities and Exchange Board of India, which by law may be necessary for the implementation of this Scheme;
 - b) The Scheme being agreed to by the respective requisite majority of members and creditors of the De-merged Company and the Resulting Company, as may be directed by the NCLT;
 - c) The Scheme being approved by the NCLT; and
 - d) Filing of the certified copies of the order of the NCLT sanctioning the Scheme, by the Demerged Company and the Resulting Company, under the applicable provisions of the Act with the Registrar of Companies, Gujarat.
21. The copy of draft Scheme has been filed with the Registrar of Companies.
22. No investigation or proceedings under the Companies Act, 1956 and /or Companies Act, 2013 have been instituted or are pending in relation to GHCL and GTL.
23. There is no winding up proceedings/ any other proceedings under the Insolvency and Bankruptcy Code pending against GHCL and GTL .
24. GHCL and GTL have made a joint application before the Ahmedabad Bench of the National Company Law Tribunal for the sanction of the Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and Rules framed thereunder.
25. Copies of Audited Standalone and Consolidated Financial Statement of the Applicant Demerged and Applicant Resulting Company for the year ended 31st March 2022 are enclosed as **Annexure-10** and **Annexure 11** respectively. The statement indicating the Assets and Liabilities of the De-merged Undertaking viz. Spinning Division is enclosed as **Annexure-12**.
26. Following documents will be available for obtaining extract from or for making or obtaining copies of or inspection by the members and creditors of the Applicant Companies at their Registered office between 10:30 a.m. to 12:30 p.m. on all working days, except Saturdays, Sundays and Public Holidays, up to the date of the meeting namely:
- a. Latest Audited Financial Statements of GHCL Limited and GHCL Textiles Limited for the year ended 31st March 2022;

- b. Copy of Memorandum of Association and Articles of Association of GHCL Limited and GHCL Textiles Limited;
- c. Copy of the order of Tribunal dated 27th June 2022 and Rectification Order dated 5th July 2022 in pursuance of which the meetings are to be convened.
- d. Copy of the Scheme of Arrangement.
- e. Statutory Auditor's Certificates of the Companies confirming accounting treatment (specified in scheme) is in compliance with Accounting Standards.
- f. Copy of the Report of Audit & Compliance Committee as well as Committee of Independent Directors dated 6th December 2021.
- g. Copies of the resolutions passed by the respective Board of Directors of GHCL and GTL.
- h. Copy of Share Entitlement Ratio Report dated 6th December 2021 issued by Mr. Niranjana Kumar, Registered Valuer.
- i. Fairness Opinion dated 6th December 2021 issued by M/s. Kunvarji Finstock Private Limited, a SEBI registered Category-1 Merchant Banker.
- j. Copy of the applicable information of Resulting Company in the format specified for abridged prospectus as provided in Part E of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations")
- k. Observation Letters from the Stock Exchanges.
- l. Copy of Complaint Report(s) submitted by GHCL Limited to the BSE Limited (dated 11th February 2022) and National Stock Exchange of India Limited (dated 15th February 2022)
- m. Shareholding Pattern of GHCL Limited as on 31st March 2022;
- n. Copy of order of Competition Commission of India (CCI) dated 24th March 2022;
- o. Such other information or documents as the Board or the management believes necessary and relevant for making decision for or against the Scheme.

This statement may be treated as an Explanatory Statement under Sections 230 to 232 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and Section 102 and other applicable provisions of the Companies Act, 2013. A copy of the Scheme and Explanatory Statement may be obtained from the Registered Office of the Applicant Company.

Dated: 8th July 2022

Place: Ahmedabad

Sd/-
Jaimin R. Dave
Chairman appointed for the meeting

Registered Office:

GHCL Limited (CIN L24100GJ1983PLC006513)

GHCL House,
Opposite Punjabi Hall, Navrangpura,
Ahmedabad 380 009
Telephone No. 079- 26434100
Fax No. 079-26423623
E-mail : secretarial@ghcl.co.in ; ghclinfo@ghcl.co.in

GHCL Textiles Limited (CIN U18101GJ2020PLC114004)

GHCL House,
Opposite Punjabi Hall,
Navrangpura, Ahmedabad 380 009

ANNEXURE 1

SCHEME OF ARRANGEMENT

BETWEEN

GHCL LIMITED

(*DEMERGED COMPANY*)

AND

GHCL TEXTILES LIMITED

(*RESULTING COMPANY*)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

[Under Sections 230 To 232 read with Section 66 of the Companies Act, 2013 read with Rules made thereunder]



PREAMBLE TO THE SCHEME OF ARRANGEMENT

Background and Rationale for the Scheme of Arrangement:

1. GHCL Limited ('**Demerged Company**' or '**GHCL**') is a public limited company incorporated under the Companies Act, 1956, and having its registered office at GHCL House, Opposite Punjabi Hall, Navrangpura, Ahmedabad, Gujarat-380009. Its Corporate Identity Number ('**CIN**') is L24100GJ1983PLC006513 and Permanent Account Number ('**PAN**') is AAACG5609C. The Demerged Company was originally incorporated (and commenced business) on October 14, 1983 under the name Gujarat Heavy Chemicals Limited. The name of the Demerged Company was subsequently changed to GHCL Limited on November 21, 2003. The equity shares of the Demerged Company are listed on the BSE Limited and the National Stock Exchange of India Limited.

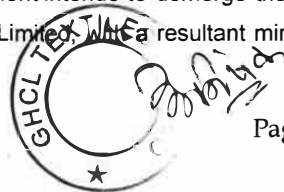
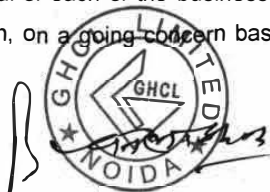
The Demerged Company is engaged in the business of (i) manufacture and sale of inorganic chemicals (including but not limited to Soda Ash (Dense grade and Light grade), Sodium Bicarbonate, Industrial Salt and Consumer Products) ('**Chemical Business**') (ii) Yarn manufacturing, spinning of yarn and other ancillary materials from its factory/plant situated at Madurai and Manaparai Tamil Nadu ('**Spinning Division**') (ii) manufacture and sale of home textiles products (including but not limited to weaving, processing, cutting and sewing of home textiles products) from its factory/plant situated at Valsad, Gujarat ('**Home Textiles Business**') - collectively referred to as '**Business**'.

2. GHCL Textiles Limited ('**The Resulting Company**' or '**GHCL Textiles**') is a Public Limited Company incorporated under Companies Act, 2013 having its registered office at GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad, Gujarat, India, 380009. Its Corporate Identity Number ('**CIN**') is U18101GJ2020PLC114004 and Permanent Account Number ('**PAN**') is AAICG3408K. The Company is authorized to engage in the business of textiles. The Resulting Company is a wholly owned subsidiary of the Demerged Company.

3. **Rationale of the Scheme:**

The Demerged Company is *inter-alia* engaged in varied business verticals namely Chemical, Spinning and Home Textiles. The Chemical business is highly capital driven with long gestation period and the Textiles business (consisting of Spinning Division and Home Textiles Division), 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.

Management believes that the risk and reward associated with each of the aforesaid business verticals are different and are at different maturity stage in their life cycles. Each business verticals have a distinct attractiveness to divergent set of investors. With a view to unlock the potential of each of the business verticals, the management intends to demerge the Spinning Division, on a going concern basis, into GHCL Textiles Limited, which a resultant mirror image



shareholding, and whose shares would be listed on the Stock Exchange after the demerger. It is intended for the Demerged Company to focus on the Chemical Business and the Resulting Company to focus on the Spinning Business. The management believes that such concentrated efforts shall benefit all stakeholders of the Demerged Company and Resulting Company, respectively. The Scheme is expected to result in the following benefits:

- a. Facilitate focused growth, concentrated approach, business synergies and increased operational and customer focus for respective business verticals.
- b. Rationalization of operations with greater degree of operational efficiency and optimum utilization of various resources.
- c. The Resulting Company, with clear identity of being in a Spinning Business, will enable 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. Ability to leverage financial and operational resources in each business verticals will lead to possibilities of joint ventures and associations with other Industry participants, both in India and globally, and will facilitate attracting greater talent pool.
- f. Each business will be able to address independent business opportunities with efficient capital allocation and attract different set of investors, strategic partners, lenders and other stakeholders, thus leading to enhanced value creation for shareholders, which would be in the best interest of the Demerged Company and Resulting Company and their respective stakeholders connected therewith.
- g. Simplification and rationalization of business undertakings holding structure of the Demerged Company.

The Scheme is not, in any manner, prejudicial or against public interest and would serve the interest of all shareholders, creditors or any other stakeholders.

This Scheme of Arrangement is divided into following parts:

- (i) **Part A** – dealing with definitions and share capital;
- (ii) **Part B** – dealing with demerger of Spinning Division of the Demerged Company into the Resulting Company; and
- (iii) **Part C** – General / residuary terms and conditions that are applicable to this scheme.



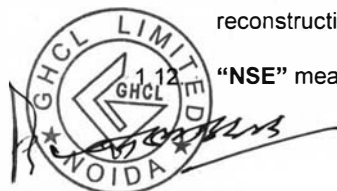
PART A

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1. **“Act”** means the Companies Act, 2013 and any statutory modification or re-enactment thereof for the time being in force.
- 1.2. **“Applicable Law(s)”** means any statute, notification, by-laws, rules, regulations, guidelines, rule or common law, policy, code, directives, ordinance, schemes, directives, notices, orders or instructions enacted or issued or sanctioned by any appropriate authority, including any modification or re-enactment thereof for the time being in force.
- 1.3. **“Appointed Date”** shall mean the Effective Date;
- 1.4. **“BSE”** means BSE Limited;
- 1.5. **“Board of Directors”** in relation to the Demerged Company and/or the Resulting Company, as the case may be, means their respective Board of Directors and shall, unless repugnant to the context or otherwise, include a committee of directors or any person authorized by the Board of Directors or such committee of directors.
- 1.6. **“Demerged Company”** means GHCL Limited, a company incorporated under the Indian Companies Act, 1956 and having its registered office at GHCL House, Opposite Punjabi Hall, Navrangpura, Ahmedabad, Gujarat-380009. Its Corporate Identity Number is L24100GJ1983PLC006513 and Permanent Account Number is AAACG5609C.
- 1.7. **“Demerged Undertaking”** or **“Demerged Business”** means Spinning Division of GHCL Limited.
- 1.8. **“Effective Date”** means the date or last of the dates on which certified copies of the order of the NCLT sanctioning the scheme are filed by the Demerged Company and the Resulting Company with the registrar of companies. References in this scheme to the date of “coming into effect of this scheme” or “upon the scheme becoming effective” shall mean the effective date.
- 1.9. **“Fairness Opinion”** means and refers to the certificate issued by Kunvarji Finstock Private Limited, SEBI Category 1 Merchant Banker, dated 6-December-2021.
- 1.10. **“IT Act”** means the Indian Income-tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 1.11. **“NCLT”** means the Ahmedabad Bench or any other jurisdictional Bench of National Company Law Tribunal as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 to 232 of the Companies Act, 2013.

“NSE” means National Stock Exchange of India Limited;



- 1.13. **“Record Date”** means the date to be fixed by the Board of Directors of the Demerged Company, for the purpose of determining the members of the Demerged Company to whom shares in the Resulting Company will be allotted under the scheme.
- 1.14. **“Remaining Business”** means all the undertakings, businesses, activities and operations of the Demerged Company other than the Spinning Business.
- 1.15. **“The Resulting Company”** means GHCL Textiles Limited, a company incorporated under the Companies Act, 2013 and having its registered office at GHCL House, Opp. Punjabi Hall, Navrangpura,, Ahmedabad, Gujarat, India, 380009. It's Corporate Identity Number is U18101GJ2020PLC114004 and its Permanent Account Number is AAICG3408K.
- 1.16. **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement in its present form or with any modification(s) made under Clause 18 of this Scheme or as approved or directed by the NCLT.
- 1.17. **“Share Entitlement Ratio Report(s)”** means and refers to the certificate issued by Mr. Niranjan Kumar, Registered Valuer, dated 6-December-2021.
- 1.18. **“SEBI”** means the Securities and Exchange Board of India;
- 1.19. **“Stock Exchanges”** means the NSE and BSE;
- 1.20. **“Tax” or “Taxes”** shall mean all outgoing or dues or liabilities, crystallized or contingent, on account of taxes on net income, gross income, gross receipts, sales, use, services, ad valorem, value-added, capital gains, corporate income tax, minimum alternate tax, buyback distribution tax, dividend distribution tax, transfer, franchise and profits; withholding tax; property tax; water tax; any tax payable in a representative capacity, goods and service tax; service tax, value-added tax, duties of custom and excise, octroi duty, entry tax, stamp duty, other governmental charges or duties or other taxes or statutory payments in relation to contract labour and/ or other contractors and/ or sub-contractors, statutory pension or other employment benefit plan contributions, fees, assessments or charges of any kind whatsoever, including any surcharge or cess thereon, together with any interest and any penalties, additions to tax or additional amount with respect thereto; and Taxation will be construed accordingly.
- 1.21. **“Spinning Division” or “Spinning Business”** means and includes the undertaking of the Demerged Company related to Spinning Division consisting, inter-alia, all assets, including movable and immoveable properties and all liabilities relating thereto, whether or not recorded in the books of accounts. Assets and Liabilities of the Spinning Division shall, inter-alia, mean and include:
- 1.21.1. The assets (whether real or personal, corporeal or incorporeal, present, future, contingent, tangible or intangible) pertaining to the Spinning Division of the Demerged Company including but not limited to licenses (of any nature whatsoever), furniture, fixtures, appliances, accessories, vehicles, power plants, deposits, all



stocks, assets, working capital, all customer/vendor contracts, contingent rights or benefits, entitlements, trademarks, logo, copyright, patent, brand/trade name, knowledge, innovations, goodwill, whether or not recorded or appearing in the books of accounts of the Demerged Company and/or the Resulting Company (pursuant to this Scheme) in terms of the applicable accounting standards, belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Spinning Division;

1.21.2. All deposits, advances, loans, receivables, funds, staff advances, advance payments to regulatory authorities, cash, bank balances, accounts and all earnest money and/or deposits including security deposits made / paid by the Demerged Company in connection with or relating to the Spinning Division;

1.21.3. The liabilities pertaining to / arising out of the activities or operations of the Spinning Division, inter-alia, including the following:

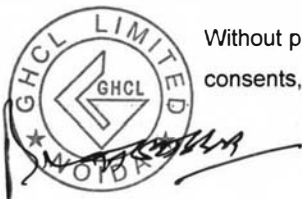
- All liabilities which arise out of the activities or operations of the Spinning Division.
- Specific loans and borrowings raised, term loans from banks and financial institutions (if any), bank overdrafts, working capital loans & liabilities, incurred and utilized solely for the activities or operations of the Spinning Division;
- Liabilities other than those referred to above, being the amounts of general or multipurpose borrowings of the Demerged Company, if any, allocated to the Spinning Division in the same proportion in which the value of the assets (ignoring the revalued amount) transferred under this Scheme bear to the total value of the assets of the Demerged Company immediately before giving effect to this Scheme;

Provided however that any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Spinning Division or whether it arises out of the activities or operations of the Spinning Division shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company;

1.21.4. All employees of the Demerged Company employed in/ or relatable to the Spinning Division as on the Effective Date, and as identified by the Board of Directors of the Demerged Company;

1.21.5. All books, records, files, papers, computer software along with their licenses, manuals and backup copies, drawings, data catalogues, and other data and records, whether in physical or electronic form, directly or indirectly in connection with or relating to the Spinning Division

Without prejudice to the generality of the foregoing, it is clarified that all rights, entitlements, consents, permissions, licenses, certificates, authorizations relating to the Spinning Division



shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company. Further, all benefits or incentives including income tax, sales tax (including deferment of sales tax), goods and service tax, value added tax and any other direct or indirect tax(es) benefits in respect of the Spinning Division for which the Demerged Company is entitled to in terms of the various statutes and/or schemes of Union and State Governments, shall be available to and vest in the Resulting Company.

1.22. "TDS" means Tax Deducted at Source;

The expressions which are used in this Scheme and not defined in this Scheme, shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act and other Applicable Laws, rules, regulations, bye-laws, as the case may be, or any statutory modification or re-enactment thereof from time to time.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

2.1. The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT, shall be effective and operative from the Appointed Date.

3. SHARE CAPITAL

3.1. The share capital of the Demerged Company as on 30th September 2021 was as under:

| Particulars | (Amount in Rs.) |
|------------------------------------------|----------------------|
| Authorized Capital | |
| 17,50,00,000 Equity shares of Rs.10 each | 175,00,00,000 |
| Total | 175,00,00,000 |
| Issued, Subscribed and Paid-up | |
| 9,53,50,786 Equity shares of Rs.10 each | 95,35,07,860 |
| Total | 95,35,07,860 |

Subsequent to the above date and till the date of the scheme being approved by the Board of Directors of the Demerged Company, there has been no change in the authorized, issued, subscribed and paid-up equity share capital of the Demerged Company.



3.2. The share capital of the Resulting Company as per latest provisional accounts as on 30th September 2021 was as under:

| Particulars | (Amount in Rs.) |
|---------------------------------------|------------------|
| Authorized Capital | |
| 7,50,000 Equity shares of Rs. 2 each | 15,00,000 |
| Total | 15,00,000 |
| Issued, Subscribed and Paid-up | |
| 50,000 Equity shares of Rs. 2 each | 1,00,000 |
| Total | 1,00,000 |

Subsequent to the above date and till the date of the scheme being approved by the Board of Directors of the Resulting Company, there has been no change in the authorized, issued, subscribed and paid-up equity share capital of the Resulting Company.



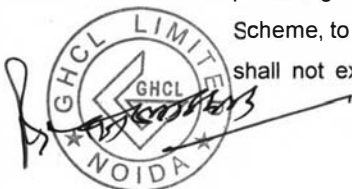
PART B

**DEMERGER OF THE SPINNING DIVISION OF THE DEMERGED COMPANY INTO THE
RESULTING COMPANY**

4. VESTING OF UNDERTAKING

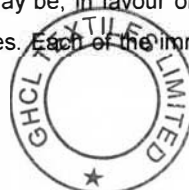
With effect from the Appointed Date, and subject to the provisions of the Scheme, the Spinning Division of the Demerged Company, as defined in Clause 1.21 above, shall subject to the provisions of this Clause in relation to the mode of vesting and pursuant to Sections 230 to 232 of the Act and any other relevant provisions of the Act, and without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in the Resulting Company, as a going concern, in the following manner:

- 4.1. With effect from the Appointed Date, the whole of the undertaking and properties comprising all tangible and intangible assets including but not limited to all kinds of contingent rights or benefits, entitlements, licenses (of any nature whatsoever), trademarks, logo, copyright, patent, brand/trade name, knowledge, innovations, goodwill, whether or not recorded or appearing in the books of accounts of the Demerged Company pertaining to the Spinning Division, as aforesaid, shall, under the provisions of Sections 230 to 232 of the Act and any other relevant provisions of the Act, if any, without any further act or deed, be transferred to and be vested in and/or be deemed to be transferred to the Resulting Company so as to vest in the Resulting Company all the rights, title and interest pertaining to the Spinning Division of the Demerged Company.
- 4.2. With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Demerged Company relating to the Spinning Division, as defined in clause 1.21 above, shall, under the provisions of Sections 230 to 232 of the Act and any other relevant provisions of the Act, without any further act or deed, be transferred to and/or deemed to be transferred to the Resulting Company as the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities and obligations have arisen in order to give effect to the provisions of this sub-clause.
- 4.3. The vesting of the Spinning Division as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the Spinning Division, provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, wherein the assets of the Spinning Division have been or are offered or agreed to be offered as securities for any financial assistance or obligations, shall be construed as a reference to only the assets pertaining to the Spinning Division as are vested in the Resulting Company as per the Scheme, to the end and intent that any such security, charge, hypothecation and mortgage shall not extend or be deemed to extend to any of the other assets of the Demerged



Company or any other assets of the Resulting Company. Provided further, that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Resulting Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges, hypothecation and mortgages shall not extend or be deemed to extend to any of the other assets of Resulting Company.

- 4.4. With effect from the Appointed Date and upon the Scheme becoming effective any statutory licenses, certificates, permissions, unique identification numbers, registrations or approval or consents held by the Demerged Company required to carry on operations in the Demerged Undertaking shall stand vested in or transferred and deem to be transferred to and vested to the Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company. The Resulting Company and/or the Demerged Company shall file intimation with the relevant authorities, who shall take the same on record, or undertake necessary actions as may be required, for having the said licenses, certificates, permissions, registration, unique identification numbers, etc. vested or transferred to the Resulting Company.
- 4.5. With effect from the Appointed Date, all documents of title, deeds, papers, contracts, licenses etc. pertaining to the Spinning Division shall be handed over to the Resulting Company.
- 4.6. With effect from the Appointed Date, the transfer and vesting of the assets of the Demerged Company relating to the Spinning Division shall be affected as follows:
- 4.6.1. The immoveable properties including land, building and structures, if any, belonging to and/or vested in the Spinning Division shall be transferred to and vested in or deemed to have been transferred to the Resulting Company. With effect from the Appointed Date, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes, if any, and fulfill all obligations in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of the Resulting Company shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the NCLT and this Scheme becoming effective in accordance with the terms hereof.
- 4.6.2. Notwithstanding anything contained in this Scheme, the immovable properties of the Demerged Company pertaining to the Demerged Undertaking situated in different states, whether owned or leased, for the purpose of, inter alia, payment of stamp duty, and vesting into the Resulting Company and if the Resulting Company so decides, the concerned parties, upon the Scheme becoming Effective, shall execute or register or cause so to be done, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Resulting Company in respect of such immovable properties. Each of the immovable properties, only for



the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a value as determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of the Scheme.

- 4.6.3. All the movable assets of the Spinning Division or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand shall be physically handed over by manual delivery to the Resulting Company to the end and intent that the property therein passes to the Resulting Company on such delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of the Resulting Company accordingly.
- 4.6.4. In respect of movable assets, other than those specified in sub-clause 4.6.3 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, pursuant to the order of the NCLT, the said debt, loan, advances, etc. would be paid or made good or held on account of the Resulting Company as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realize the same stands extinguished, and that such rights to recover or realize the same shall vest in the Resulting Company. Pursuant to the order of the NCLT sanctioning the Scheme, each person, debtor or depositee of the Spinning Division of the Demerged Company would pay the debt, loan or advance or make good the same or hold the same to the account of the Resulting Company and that the right of the Resulting Company to recover or realize the same would be in substitution of the right of the Demerged Company.
- 4.7. Any loans or other obligations, if any, due between the Spinning Division of the Demerged Company and the Resulting Company or any other transactions between the Spinning Division of the Demerged Company and the Resulting Company as on the Appointed Date, shall stand automatically extinguished.
- 4.8. All taxes, duties, cess payable by the Demerged Company relating to the Spinning Division and all or any refunds/credit (including cenvat credits)/claims relating thereto shall be treated as the liability or refunds/credit/claims, as the case may be, of the Resulting Company.
- 4.9. The experience, track record, knowledge, innovations and credentials of the Demerged Company in relation to the Demerged Undertaking in dealing with identified products and/or services in relation to various authorities, agencies and clients prior to its transfer to the Resulting Company shall be taken into account and treated and recognize as the experience, track record, knowledge, innovations and credentials in relation to such Demerged Undertaking even after its transfer to the Resulting Company.



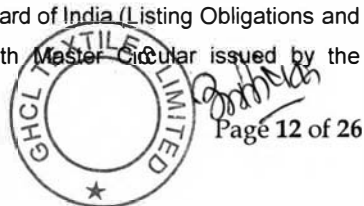
- 4.10. On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank accounts of the Demerged Company pertaining to the Demerged Undertaking, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Demerged Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.
- 4.11. This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the said provisions at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with conditions contained in Section 2(19AA) of the Income tax Act, 1961. Such modification will however not affect other parts of the Scheme.

5. CONSIDERATION

- 5.1 The Resulting Company shall without any further act, issue and allot its equity shares of face value of Rs. 2 each as consideration to each equity shareholder of the Demerged Company, whose name is recorded in the register of members of the Demerged Company as on Record date or to their respective heirs, executors, administrators or other legal representatives or successors-in-title, as the case may be, in the following manner:

"1 (One) equity share of the Resulting Company of face value of INR 2 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in the Demerged Company (i.e. GHCL)"

- 5.2 The aforesaid ratio for the issue of equity shares by the Resulting Company against the equity shares held by the shareholders in the Demerged Company is based on the recommendations made in the Share Entitlement Report dated 6-December-2021 issued by Mr. Niranjana Kumar, Registered Valuer, having IBBI registration No – IBBI/RV/06/2018/10137.
- 5.3 Equity shares to be issued and allotted in terms hereof will be subject to the Memorandum of Association and Articles of Association of the Resulting Company and shall be deemed to be in compliance with the provisions of the Act or any law for the time being in force.
- 5.4 Issuance of new shares by the Resulting Company shall be made in compliance with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Master Circular issued by the



Securities and Exchange Board of India on November 23, 2021 bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 or any statutory modification or re-enactment thereof from time to time.

- 5.5 The equity shares shall be issued in dematerialized form to those shareholders who hold shares of the Demerged Company in dematerialized form, into the account in which shares of the Demerged Company are held or such other account as is intimated in writing by the shareholders to the Demerged Company and/or its Registrar. All the shareholders who hold shares of the Demerged Company in physical form shall also have the option to receive the equity shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the Demerged Company and/or its Registrar on or before the Record Date. The shareholders who fail to provide such details shall be issued equity shares in physical form. Notwithstanding the above, if as per Applicable laws, the Resulting Company is not permitted to issue and allot the new equity shares in physical form and it has still not received the demat account details of such shareholders of the Demerged Company, the Resulting Company shall issue and allot such shares in lieu of the new equity share entitlement of such shareholders, into a Demat Suspense account, which shall be operated by one of the directors of the Resulting Company, duly authorised in this regard, who shall upon receipt of appropriate evidence from such shareholders regarding their entitlements, will transfer from such Demat Suspense account into the individual demat account of such claimant shareholders, such number of shares as may be required in terms of this scheme.
- 5.6 The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange. Further, there shall be no change in the shareholding pattern of GHCL Textiles Ltd (Resulting Company) between the record date and the listing date, which may affect the status of approval from Stock exchange(s).
- 5.7 The new shares to be issued by the Resulting Company in respect of any equity shares of the Demerged Company which are held in abeyance under the provision of section 126 of the Act or otherwise, shall also be kept in abeyance.
- 5.8 The fractional entitlements, if any, shall be aggregated and held by the trust, nominated by the Board in that behalf, who shall sell such shares in the market at such price, within a period of 90 days from the date of allotment of shares and eligible shareholders would be compensated accordingly.
- 5.9 Upon the issuance and allotment of equity shares pursuant to the Scheme, the Resulting Company shall take necessary steps, including the filling of the applications with Stock Exchanges, for the purpose of listing of the equity shares of the Resulting Company on such recognized Stock Exchanges, in accordance with the Applicable Laws.



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5.10 The approval of this Scheme by the requisite majority of shareholders of the Resulting Company shall be deemed to be in due compliance of the provisions of Section 62 of the Act, and other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Resulting Company to the shareholders of the Demerged Company, as provided in this Scheme.

6. REORGANIZATION OF AUTHORISED SHARE CAPITAL OF THE DEMERGED COMPANY

6.1 Upon this Scheme becoming effective and with effect from the Appointed Date, a part of the authorised share capital of the Demerged Company shall stand transferred to and form part of the authorised share capital of the Resulting Company, without any further act or deed and simultaneously with a re-classification of the authorised share capital of the Resulting Company in accordance with the provisions of section 61 of the Act, and the fee, if any, paid by the Demerged Company on its authorised share capital shall be set off against any fee payable by the Resulting Company on its authorised capital, subsequent to the Demerger.

6.2 Upon this Scheme coming into effect and with effect from the Appointed Date (and consequent to transfer of a part of the existing authorised share capital of the Demerged Company to the Resulting Company), the authorised share capital of the Demerged Company shall stand reduced by 3,50,00,000 equity shares of Rs. 10 each. Such reduced authorised share capital shall stand transferred to the Resulting Company. Revised Clause 5 of the Memorandum of Association of the Demerged Company, post giving effect to above transfer, shall stand modified and be substituted by the following:

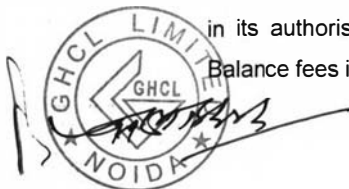
"The Authorised Share Capital of the Company is Rs 140,00,00,000/- divided into 14,00,00,000 equity shares of Rs 10 each."

6.3 Accordingly, Clause V of the Memorandum of Association of the Resulting Company shall stand modified and be substituted by the following:

"The Authorised Share Capital of the Company is Rs 35,15,00,000/- divided into 17,57,50,000 equity shares of Rs 2 each."

6.4 It is hereby clarified that the consent of the shareholders of the Demerged Company and the Resulting Company to this Scheme shall be sufficient for the purposes of effecting the aforesaid amendments in the Memorandum of Association of the Demerged Company and the Resulting Company and that no further resolutions, whether under the applicable provisions of the Act or under the Articles of Association, shall be required to be separately passed. The fees and the stamp duty paid by the Demerged Company on its authorised share capital shall be set-off against any fees payable by the Resulting Company on increase in its authorised share capital subsequent to demerger as mentioned in this clause 6.

Balance fees if any payable, after the aforesaid adjustment, by the Resulting Company shall



Signature

be duly paid upon the sanctioning of the Scheme.

- 6.5 The Demerged Company and the Resulting Company shall file with the jurisdictional Registrar of Companies, all requisite forms and complete the requirements under the Act, if any.

7. ACCOUNTING TREATMENT

7.1 In the books of the Demerged Company:

With effect from the Appointed Date, the Demerged Company shall account for the Scheme in its books of accounts in accordance with Appendix A of Indian Accounting Standards (Ind AS) 10 'Distribution of Non-cash Assets to Owners' prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time. Accordingly, the Demerged Company shall provide the following accounting treatment in its books of accounts:

- 7.1.1. Recognise liability for Distribution of Non-Cash Assets to owners as dividend, to the extent of fair value of the Spinning Business ("Demerged Undertaking") with a corresponding debit to the Other equity, solely to meet the requirements of Ind-AS notified under Section 133 of the Act. The liability is subject to review at each reporting date and at the date of settlement, with any changes in the carrying amount of the liability recognised in Other equity as an adjustment to the amount of distribution;
- 7.1.2. Reduce the carrying amount of all assets and liabilities pertaining to the Demerged Undertaking, being transferred to the Resulting Company, from the respective book value of assets and liabilities of the Demerged Company;
- 7.1.3. The Demerged company shall recognise the difference, if any, between the carrying amount of the assets and liabilities distributed and the carrying amount of the liability derecognised in the Statement of profit and loss, solely to meet the requirements of Ind-AS notified under Section 133 of the Act;
- 7.1.4. Entire investment made by the Demerged Company in the equity share capital of the Resulting Company, shall stand cancelled;
- 7.1.5. For accounting purpose, the Scheme will be given effect on later of Appointed date or the date when all substantial conditions for the transfer of Demerged Undertaking are completed.
- 7.1.6. Any matter not dealt with in Clause hereinabove shall be dealt with in accordance with the accounting standards applicable to the Demerged Company.



7.2 In the books of the Resulting Company

With effect from the Appointed Date, the Resulting Company shall account for the Scheme in its books of accounts in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Act, under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time and generally accepted accounting principles in India. Accordingly, the Resulting Company shall provide the following accounting treatment in its books of accounts.

- 7.2.1. Record the assets and liabilities of the Spinning Business ("Demerged Undertaking") of the Demerged Company, vested in it pursuant to this Scheme at their respective carrying values as appearing in the books of Demerged Company.
- 7.2.2. Record the equity shares issued and allotted by it pursuant to the Scheme at its fair value. The difference between the fair value of equity shares issued and the face value of equity shares issued will be classified as Securities Premium under the head "Other Equity".
- 7.2.3. The difference between the fair value of the equity shares issued by the Resulting Company to the shareholders of the Demerged Company as per Clause 5 and the book value of the assets and liabilities of the Demerged Undertaking received from the Demerged Company will be debited/credited to equity and classified as "Capital reserve" under the head "Other Equity".
- 7.2.4. Shares held by the Demerged Company in the Resulting Company shall stand cancelled. There shall be no further obligation in respect of the cancelled shares. The cancellation of share capital will be affected as part of this Scheme in accordance with provision of Section 66 of the Act and the order of the NCLT shall be deemed to be the order under the applicable provisions of the Act for confirming the cancellation of share capital.
- 7.2.5. For accounting purpose, the Scheme will be given effect on later of Appointed date or the date when all substantial conditions for the transfer of Demerged Undertaking are completed.
- 7.2.6. Any matter not dealt with in Clause hereinabove shall be dealt with in accordance with the accounting standards applicable to the Resulting Company.

8. CONDUCT OF BUSINESS

- 8.1. Subject to Clause 4 of the Scheme, as and from the date of approval of this Scheme by the Board of Directors of the Demerged Company and the Resulting Company and till the Effective Date, the Demerged Company:
 - 8.1.1. Shall carry on the business activities of the Spinning Division with reasonable care and diligence and in the same manner as it had been doing hitherto;



8.1.2. Shall not vary or alter, except in the ordinary course of its business and as may be required for reorganization, the terms and conditions of employment of any of its employees in relation to the Spinning Division.

8.2 With effect from the Effective Date, the Resulting Company shall continue and carry on and shall be authorized to carry on the businesses carried on by the Spinning Division of the Demerged Company.

9. Employees of Demerged Undertaking

9.1 Upon the Scheme becoming effective, all employees of the Demerged Undertaking ('**Transferred Employee**') in service as on the Effective Date shall be deemed to have become the employees of the Resulting Company with effect from the Appointed Date without any interruption in their service as a result of the transfer of the Demerged Undertaking to the Resulting Company on the same terms and conditions of employment as were with the Demerged Company. On the basis of continuity of service, the terms and conditions of their employment with the Resulting Company shall not be less favorable than those applicable to them with reference to the Demerged Undertaking of the Demerged Company as on the Effective Date.

9.2 The existing provident fund trust and pension fund trust, gratuity fund, superannuation fund, NPS fund or any other fund, as applicable, for the transferred employees of the Demerged Undertaking shall be continued for the benefit of such employees including employees who may hereafter join the Resulting Company on the same terms and conditions and with effect from such date, the Resulting Company shall make the necessary contribution for such employees taken over by the Resulting Company until the Resulting Company constitutes its own provident fund, gratuity fund, superannuation fund or any other special fund and obtains necessary approval for the same. Upon the Scheme being effective, the Resulting Company shall stand substituted for the Demerged Company for all purposes whatsoever related to the administration or operation of such trust or fund or in relation to the obligations to make a contribution to the said funds in accordance with the provisions of the trust or funds or according to the terms provided in the respective trust deeds or other documents. The Resulting Company undertakes to discharge all the duties and obligations and assumes all the rights and powers of the Demerged Company, upon the Scheme being effective, in relation to aforesaid trusts or funds of the Demerged Company in relation to the Demerged Undertaking. The services of the staff, workmen and other employees of the Demerged Undertaking will be treated as having been continuous for the purposes of the aforesaid trusts/ funds or provisions of any trust/ funds for employees. The amount of liability in respect of gratuity and leave (determined as the sum payable on the Appointed Date as if the same were due) relating to the employees of the Demerged Undertaking shall be appropriately adjusted by the Demerged Company and transferred to the Resulting Company.

The Resulting Company undertakes to continue to abide by any agreement(s) /settlement(s) entered into with any labour unions/ employees by the Demerged Company in relation to the

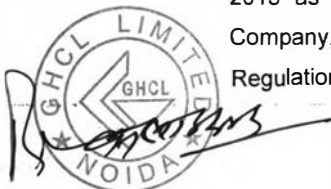


Demerged Undertaking. The Resulting Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such employees with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable. Upon the Scheme becoming effective, in order to compensate the employees that had been granted options under the Demerged Company ESOP Plan (if applicable), and who have been transferred pursuant to the Scheme, shall be granted employee stock options by the Resulting Company, subject to applicable regulatory laws. Upon the Scheme becoming effective, the Resulting Company shall issue fresh employee stock options, subject to applicable regulatory laws, to the Transferred Employees employed by it pursuant to the Scheme taking into account the applicable share exchange ratio mentioned in Clause 5 of the Scheme, and on terms and conditions not less favourable than those provided under the Demerged Company ESOP Plan. Such stock options may be issued by the Resulting Company either under its existing employee stock option plan or a revised stock option plan for the Transferred Employees or under a separate employee stock option plan created by the Resulting Company inter alia for the purpose of granting stock options to the Transferred Employees pursuant to this Scheme. The period served by the Transferred Employees in the Demerged Company prior to the effectiveness of the Scheme shall be taken into account by the Resulting Company to determine the vesting periods for the employee stock options to be granted by the Resulting Company to the Transferred Employees.

- 9.4 In the event that prior to the Scheme becoming effective, any of the Transferred Employees have exercised (if any) the employee stock options granted to them under the Demerged Company ESOP Plan, the Resulting Company will not need to issue any fresh employee stock options to such Transferred Employees and as on the Record Date, such Transferred Employees shall be treated at par with the other equity shareholders of the Demerged Company. In the event that the stock options, if any, granted to a Transferred Employee lapse prior to the coming into effect of the Scheme, no further action will be needed to be taken by the Resulting Company in relation to such lapsed employee stock options held by the Transferred Employee.
- 9.5 The terms and conditions of the Demerged Company ESOP Plan (if any) would be revised, by the Board/Shareholders (as may be applicable) of the Demerged Company, such that the employees of the Demerged Company who are not transferred pursuant to this Scheme are not adversely affected.

10. GRANT OF EMPLOYEE STOCK OPTIONS BY THE DEMERGED COMPANY

- 10.1 Subject to the provisions of Section 62(1)(b) and other provisions of the Companies Act, 2013 as applicable, the Memorandum and Articles of Association of the Demerged Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and subject to such other sanctions, permissions and approvals, including



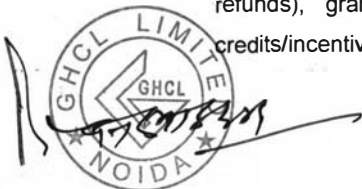
the recommendation of Nomination & Remuneration Committee, as may be necessary, in order to reward the identified employees for their continuous hard work, dedication and support towards the growth of the Business, the Demerged Company shall create, offer and grant from time to time up to 8% of the Share Capital of the Demerged Company) options to the identified employees, existing and future including the Whole-time directors but excluding the Independent Director of the Demerged Company and their existing and future subsidiary companies (whether in or outside India) as may be decided solely by the Board of Directors of the Demerged Company, exercisable into equivalent Equity Shares of face value of Rs. 10/- each fully paid up, in one or more tranches, on such terms and in such manner (including through primary or secondary purchase mechanism) as the Board may decide in accordance with the provisions of the law or regulations issued by the relevant authorities.

11. LEGAL PROCEEDINGS

- 11.1 All legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising at the Appointed Date in relation to the Spinning Division shall be continued and enforced by or against the Resulting Company, and the Resulting Company will bear the liabilities of such proceedings at its own cost. The Demerged Company shall extend all its assistance to defend such proceedings at the cost of the Resulting Company.
- 11.2 Subsequent to the Appointed Date, if any proceedings are initiated by any third party (including regulatory authorities) by or against the Spinning Division of the Demerged Company under any statute, such proceedings shall be continued and enforced only against the Resulting Company and the Resulting Company shall bear the liabilities of such proceedings at its own cost. The Demerged Company shall extend all its assistance to defend the liabilities of such proceedings at the cost of the Resulting Company.

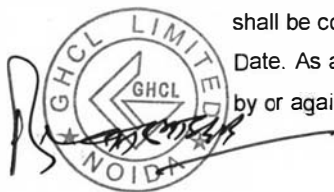
12. TREATMENT OF TAXES

- 12.1 Upon this Scheme becoming effective and with effect from the Appointed Date, all taxes and duties payable, if any, by the Demerged Company (including but not limited to the IT Act, Goods and Services Tax, Customs Act, Central Excise Act, State Sales Tax laws, Central Sales Tax Act, VAT/ Service tax and all other Applicable Laws), accruing and relating to the Spinning Division from the Appointed Date onwards, including all advance tax payments, TDS, minimum alternate tax, any refund and claims shall, for all purposes, be treated as advance tax payables or payments, TDS, minimum alternate tax or refunds and claims, as the case may be, of the Resulting Company.
- 12.2 Upon this Scheme becoming effective, all existing and future incentives, unavailed credits and exemptions/deductions, subsidies (including but not limited to subsidy available to the Demerged Undertaking under the Technology Up-gradation Fund scheme along with all refunds), grants, Taxes, and tax credit/ incentives (including but not limited to credits/incentives in respect of income tax, value added tax, sales tax, service tax, goods



and services tax etc.), deferred tax benefits, advance tax, minimum alternate tax, benefit of carried forward losses, unabsorbed tax depreciation, tax holidays and other statutory benefits, including in respect of income tax (including TDS, tax collected at source, advance tax, minimum alternate tax credit etc.), cenvat, customs, value added tax, sales tax, service tax, goods and services tax etc. relating to the Spinning Division to which the Demerged Company is entitled / obliged to shall be available to and vest in the Resulting Company, without any further act or deed.

- 12.3 Upon this Scheme becoming effective, the Demerged Company and the Resulting Company are permitted to revise and file their respective income tax returns, withholding tax returns, including TDS certificates, goods and services tax, sales tax/value added tax returns, service tax returns and other tax returns, and to claim refunds/credits/exemptions/deductions, if any, as may be required for the purpose of /consequent to the implementation of the Scheme.
- 12.4 The Board of Directors of the Demerged Company and the Resulting Company shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Spinning Division and whether the same would be transferred to the Resulting Company or decide on any other matters.
- 12.5 Upon the Scheme becoming effective, any TDS deposited, TDS certificates issued or TDS returns filed by the Demerged Company, if any, relating to the Spinning Division shall continue to hold good as if such TDS amounts were deposited, TDS certificates were issued and TDS returns were filed by the Resulting Company.
- 12.6 All the expenses incurred by the Demerged Company and the Resulting Company in relation to the Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Demerged Company and the Resulting Company in accordance with the Section 35DD of the IT Act over a period of 5 (five) years beginning with the previous year in which the Scheme becomes effective.
- 12.7 Any refund under the tax laws due to the Demerged Company pertaining to the Spinning Division consequent to the assessments made on the Demerged Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall belong to and be received by the Resulting Company. The relevant authorities shall be bound to transfer to the account of and give credit for the same to the Resulting Company upon this Scheme becoming effective upon relevant proof and documents being provided to the said authorities.
- 12.8 All tax assessment proceedings/ appeals/ litigations of whatsoever nature by or against the Demerged Company, whether pending on the Appointed Date or which are instituted at any time in the future, and relating to the Demerged Undertaking of the Demerged Company, shall be continued and/or enforced by or against the Demerged Company until the Effective Date. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Resulting Company in the same manner and to the same extent as would

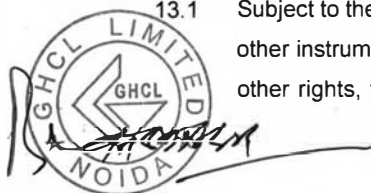


or might have been continued and enforced by or against the Demerged Undertaking of the Demerged Company.

- 12.9 Further, the aforementioned proceedings shall neither abate or be discontinued nor be in any way prejudicially affected by reason of the demerger of the Demerged Undertaking of the Demerged Company or anything contained in the Scheme.
- 12.10 Any tax liabilities under the income tax laws, service tax laws, goods and services tax laws, excise duty laws, applicable state value added tax laws or other Applicable Laws /regulations dealing with taxes/ duties/ levies applicable to the Demerged Undertaking of the Demerged Company to the extent not provided for or covered by tax provisions in the accounts made as on the Appointed Date shall be transferred to the Resulting Company. Any surplus in the provision for taxation/ duties/ levies account including advance tax and tax deducted at source, relating to the Demerged Undertaking, as on the Appointed Date will also be transferred to the account of the Resulting Company.
- 12.11 Without prejudice to the generality of the above, all benefits, incentives, tax losses, unabsorbed depreciation, credits (including, without limitation income tax, goods and services tax, service tax, excise duty, applicable state value added tax, etc.) to which the Demerged Undertaking of the Demerged Company is entitled to in terms of Applicable Laws, shall be available to and vest in the Resulting Company.
- 12.12 Upon the Scheme becoming effective, any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same, stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 12.13 It is reiterated that the Demerger of the Spinning Division of the Demerged Company into the Resulting Company pursuant to this scheme shall take place with effect from the Appointed Date and shall be in accordance with the provision of Section 2(19AA) and all other provisions of the of the Income Tax Act, 1961. Upon the Scheme coming into effect, for the purpose of Income Tax Act, 1961, the Resulting Company shall account for the transaction relating to the Spinning Division from the Appointed Date and shall draw its books of account to the extent required to give effect to the Scheme.

13. CONTRACTS, DEEDS, ETC.

- 13.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments including any contract for exploitation of intellectual property rights and all other rights, title, interest, labels and brand registrations, copyrights, patents, trademarks,



trade names, licenses, entitlements and other industrial or intellectual property rights of any nature whatsoever, pertaining to the Spinning Division to which the Demerged Company is party and which are subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Resulting Company, as the case may be, and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto. Further, all contracts with third parties relating to the Spinning Division to which the Demerged Company is party, shall be in full force and effect against or in favour of the Resulting Company. The Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novation's, to which the Demerged Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. The Resulting Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Demerged Company and to implement or carry out all formalities required on the part of the Demerged Company to give effect to the provisions of this Scheme.

14. SAVING OF CONCLUDED TRANSACTIONS

- 14.1 The transfer of properties and liabilities under Clause 4 above and the continuance of proceedings by or against the Demerged Company under Clause 11 above shall not affect any transaction or proceedings already concluded, if any, by the Demerged Company till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto.



PART C

GENERAL CONDITIONS

15. COMPLIANCE WITH TAX LAWS

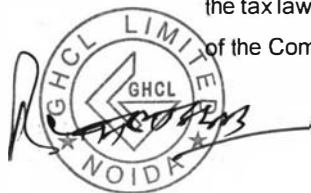
15.1 This Scheme, in so far as it relates to the demerger of the Spinning Division of the Demerged Company into the Resulting Company, has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the IT Act, which include the following:

- a) all the assets and properties of the Demerged Undertaking, being transferred by the Demerged Company, immediately before the demerger shall become the properties of Resulting Company, respectively, by virtue of such Demerger;
- b) all the liabilities relatable to the Demerged Undertaking, being transferred by the Demerged Company, immediately before the demerger, become the liabilities of the Resulting Company by virtue of the demerger;
- c) the property and the liabilities of the Demerged Undertaking or Undertakings being transferred by the Demerged Company are transferred at values appearing in its books of account immediately before the demerger;

This provision shall not apply where the Resulting Company records the value of the property and the liabilities of the Undertaking at a value different from the value appearing in the books of account of the Demerged Company, immediately before the demerger, in compliance to the Indian Accounting Standards specified in Annexure to the Companies (Indian Accounting Standards) Rules, 2015.

- d) the Resulting Company issues, in consideration of the demerger, its shares to the shareholders of the Demerged Company on a proportionate basis, except where the Resulting Company itself is a shareholder of the Demerged Company;
- e) the shareholders holding not less than three-fourths in value of the shares in the Demerged Company (other than shares already held therein immediately before the demerger by, or by a nominee for, the Resulting Company or, its subsidiary) become shareholders of the Resulting Company by virtue of the demerger, otherwise than as a result of the acquisition of the property or assets of the Demerged Company or any undertaking thereof by the Resulting Company; and
- f) the transfer of the Demerged Undertaking shall be on a going concern basis; and other relevant sections (including Sections 47 and 72A) of the IT Act.

15.2 If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date whether as a result of a new enactment any amendment or coming into force of any provision of the IT Act or any other law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail and this Scheme shall be modified accordingly with consent of each of the Companies (acting through their respective Board of Directors).



16. REMAINING BUSINESS AND OTHER LIABILITIES

- 16.1. The Demerged Company shall continue to carry on the Remaining Business. All the assets, liabilities and obligations pertaining to the Remaining Business arising prior to, on or after the Appointed Date including liabilities other than those transferred to the Resulting Company under Clause 1.21 of this Scheme shall continue to belong to, be vested in and be managed by the Demerged Company
- 16.2. Save and except the Demerged Undertaking of the Demerged Company and as expressly provided in the Scheme, nothing contained in this Scheme shall effect the Remaining Business of the Demerged Company, or any other Business, assets and liabilities of the Demerged Company, which shall continue to belong to and be vested in and be managed by the Demerged Company.

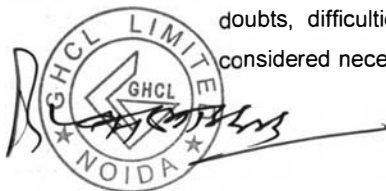
17. APPLICATION TO THE NCLT

- 17.1 The Demerged Company and the Resulting Company shall make all necessary applications under Sections 230 to 232 read with section 66 and other applicable provisions of the Act to the NCLT for seeking approval of the Scheme.

18. MODIFICATION OR AMENDMENT TO THE SCHEME

- 18.1 The Demerged Company and the Resulting Company (through their respective Board of Directors) are empowered and authorised:
- a) To assent from time to time to any modifications or amendments or substitutions of the Scheme or of any conditions or limitations which the NCLT and/or any authorities under law or their respective Boards may deem fit to approve or direct or which may be considered necessary due to any change in law or as may be otherwise be deemed expedient or necessary; and
 - b) To settle all doubts or difficulties that may arise in carrying out the scheme and to do and execute all acts, deeds matters and things on behalf of the companies, necessary, desirable or proper for putting the Scheme into effect, including entering into the transitional arrangements, arrangements for carrying out or performing all such formalities or compliances as may be deemed proper and necessary for effecting transfer and vesting of the properties of the Demerged Undertaking and deciding any question that may arise as to whether whole or part of specific asset or liabilities pertain or does not pertain or arises out of the activities or operations of any such undertaking or whether a specific employee is or is not substantially engaged in relation to the Demerged Undertaking.

- 18.2 The Demerged Company and the Resulting Company by their respective Board are authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, or if considered necessary, for withdrawal of the Scheme, whether by reason of any directive or



order of any other authorities or due to any business/ commercial reason as may be decided by the Board or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

18.3 For matters not specifically addressed in the Scheme relating to accounting, the Board of Directors of the Demerged Company/Resulting Company is authorized to account for the balances in their respective books of accounts in the manner, as may be deemed fit, in accordance with the prescribed Accounting Standards issued by the Central Government as may be amended from time to time and the Generally Accepted Accounting Principles in India in consultation with the Auditors.

19. SCHEME CONDITIONAL ON APPROVAL / SANCTIONS

19.1 This Scheme is and shall be conditional upon and subject to:

- a) The Scheme being approved by the requisite majority in number and value of the various class of shareholders and/or creditors (where applicable) of the Demerged Company and the Resulting Company respectively, as required under the Act and as may be directed by the NCLT.
- b) The Scheme being sanctioned by the NCLT or any other statutory or regulatory authority, including but not limited to stock exchange(s) and/or Securities and Exchange Board of India, which by law may be necessary for the implementation of this Scheme;
- c) Certified copies of the orders of the NCLT sanctioning the Scheme being filed with the concerned Registrar of Companies, by the Demerged Company and the Resulting Company respectively.

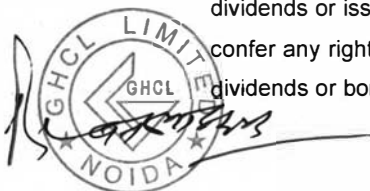
20. EFFECT OF NON RECEIPT OF APPROVALS

20.1 In the event that the scheme is not sanctioned by the NCLT or in the event any of the other requisite consents, approvals, permissions, sanctions or conditions are not obtained or complied with or for any other reason, the scheme cannot be implemented, the scheme shall not take effect and shall be withdrawn and in that event no rights or liabilities, whatsoever, shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person.

21. DIVIDENDS

21.1 The Demerged Company and the Resulting Company shall be entitled to declare and make a distribution/pay dividends, whether interim or final, and/or issue bonus shares, to their respective members/shareholders prior to the Effective Date in accordance with Applicable Laws.

21.2 It is clarified that the aforesaid provisions in respect of making distributions, declaring dividends or issuing bonus shares are enabling provisions only and shall not be deemed to confer any right on any members of the Companies to demand or claim any distributions, dividends or bonus shares which, subject to the provisions of the said Act, shall be entirely



at the discretion of the Board of Directors of the Companies, subject to the approval of the shareholders, as may be required.

22. COMPLIANCE WITH APPLICABLE LAWS

- 22.1 The Companies undertake to comply with all Applicable Laws (including all applicable compliances required by the SEBI and the Stock Exchanges and all applicable compliances required under the Foreign Exchange Management Act, 1999, Overseas Direct Investment Regulations and the rules regulations and guidelines issued thereunder as may be prescribed by the RBI, from time to time) including making the requisite intimations and disclosures to any statutory or regulatory authority and obtaining the requisite consent, approval or permission of the Central Government, RBI (if required) or any other statutory or regulatory authority, which by law may be required for the implementation of this Scheme or which by law may be required in relation to any matters connected with this Scheme

23. COSTS

- 23.1 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Demerged Company and the Resulting Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by the Demerged Company.

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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF GHCL LIMITED ('COMPANY') IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON MONDAY, DECEMBER 6, 2021

1. The Scheme of Arrangement between GHCL Limited ('Demerged Company' or 'Company') and GHCL Textiles Limited ('Resulting Company') and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Act') provides for the demerger of Spinning Division of the Demerged Company into the Resulting Company.
2. The Board of Directors of the Demerged Company at its meeting held on 6th December 2021 had approved the Scheme.
3. As per Section 232(2)(c) of the Act, a report is required to be adopted by the Directors explaining effect of the Scheme on each class of shareholders, promoter and non-promoter shareholders and Key managerial personnel laying out in particular the share exchange ratio, specifying any special valuation difficulties.
4. Following documents were placed before the board:
 - ✎ Scheme of Arrangement;
 - ✎ Share Entitlement Report(s) dated 6-Dec-2021 issued by Mr. Niranjana Kumar, Registered Valuer (IBBI Registratin No - IBBI/RV/06/2018/10137);
 - ✎ Fairness Opinion report dated Dec-2021 of Kunvarji Finstock Private Limited, SEBI Category 1 Merchant Banker, (Registration Number – INM000012564);
5. **Share Entitlement Ratio Report:**

Following share exchange ratio were recommended in the Share Entitlement Report of Mr. Niranjana Kumar, Registered Valuer;

"1 (One) equity share of the Resulting Company of face value of INR 2 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in the Demerged Company (i.e. GHCL)"

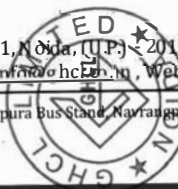
No special valuation difficulties were reported.

6. **Effect of the Scheme on the equity shareholders (promoter and non-promoter) of the Company:**

Both the promoter and non-promoter shareholders of the Company will receive shares in the Resulting Company in accordance with Clause 5 of the Scheme.

B- 38, GHCL House, Institutional Area, Sector- 1, Noida, (U.P.) - 201301, India. Ph. : +91-120-2535335, 4939900, Fax : +91-120-2535209
CIN : L24100GJ1983PLC006513, E-mail : ghclinfo@ghcl.co.in, Website : www.ghcl.co.in

Regd. Office : GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad, Gujarat - 380009, India



7. Effect of the Scheme on the KMPs of the Company:

There is no impact of the Scheme on the KMPs of the Company. Further, none of the KMPs have any interest in the Scheme except to the extent of shares held by them, if any, in the Company.

For and Behalf of the Board

For GHCL Limited


R S Jalan
Managing Director



Place: Noida

Date: December 6, 2021

GHCL Textiles Limited

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF GHCL TEXTILES LIMITED ('COMPANY')
IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, AT ITS MEETING
HELD ON MONDAY, DECEMBER 6, 2021**

1. The Scheme of Arrangement between GHCL Limited ('Demerged Company') and GHCL Textiles Limited ('Resulting Company' or 'Company') and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Act'), amongst others, provides for the demerger of Spinning Division of the Demerged Company into the Resulting Company.
2. The Board of Directors of the Resulting Company at its meeting held on December 6, 2021 had approved the Scheme.
3. As per Section 232(2)(c) of the Act, a report is required to be adopted by the Directors explaining effect of the Scheme on each class of shareholders, promoter and non-promoter shareholders and Key managerial personnel laying out in particular the share exchange ratio, specifying any special valuation difficulties.
4. Following documents were placed before the board:
 - Scheme of Arrangement;
 - Share Entitlement Report(s) dated 6-Dec-2021 issued by Mr. Niranjana Kumar, Registered Valuer (IBBI Registration No - IBBI/RV/06/2018/10137);
 - Fairness Opinion report dated 6-Dec-2021 of Kunvarji Finstock Private Limited, SEBI Category 1 Merchant Banker, (Registration Number – INM000012564);
5. **Share Entitlement Ratio Report:**

Following share exchange ratio were recommended in the Share Entitlement Report of Mr. Niranjana Kumar, Registered Valuer:

"1 (One) equity share of the Resulting Company (i.e. GHCL Textiles Limited) of face value of INR 2 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in the Demerged Company (i.e. GHCL Limited)"

No special valuation difficulties were reported.

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Regd. Office: GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad, Gujarat -380009, India

GHCL Textiles Limited

6. Effect of the Scheme on the equity shareholders (promoter and non-promoter) of the Company:

The existing equity share capital of the Company, held by the Demerged Company, shall stand cancelled in terms of the Clause 7.2.4 of the Scheme. The cancellation of equity share capital will be effected as part of this Scheme in accordance with provision of Section 66 of the Act and the order of the NCLT shall be deemed to be the order under the applicable provisions of the Act for confirming the cancellation of share capital.

7. Effect of the Scheme on the KMPs of the Company:

There is no impact of the Scheme on the KMPs of the Company. Further, none of the KMPs have any interest in the Scheme except to the extent of shares held by them, if any, in the Company.

8. Adoption of the Report by the Directors:

The Directors of the Company have adopted this Report after noting and considering the information set forth in this Report and documents placed before the Directors.

For and Behalf of the Board

For GHCL Textiles Limited



R S Jalan
Director
DIN: 00121260



Place: Noida

Date: December 6, 2021

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Regd. Office: GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad, Gujarat -380009, India



REPORT OF AUDIT & COMPLIANCE COMMITTEE OF GHCL LIMITED RECOMMENDING DRAFT SCHEME OF ARRANGEMENT OF GHCL LIMITED ('DEMERGED COMPANY') AND GHCL TEXTILES LIMITED ('RESULTING COMPANY') ISSUED AT THE MEETING OF THE AUDIT & COMPLIANCE COMMITTEE HELD ON MONDAY, DECEMBER 6, 2021 THROUGH VIDEO CONFERENCING OR OTHER AUDIO VISUAL MEANS AT GHCL HOUSE, B-38, INSTITUTIONAL AREA, SECTOR -1, NOIDA COMMENCED AT 12:45 PM AND CLOSED AT 1:40 PM

Members present in person through VC:

1. Dr. Manoj Vaish – Chairman (Independent Director)
2. Mrs. Vijaylaxmi Joshi – Member (Independent Director)
3. Justice Ravindra Singh – Member (Independent Director)
4. Mr. Arun Kumar Jain - Member (Independent Director)

Invitees:

1. Mr. R S Jalan, Managing Director
2. Mr. Raman Chopra – CFO & Executive Director (Finance)
3. Mr. Neelabh Dalmia – Executive Director (Textiles)
4. Mr. Bhuneshwar Mishra – Sr. GM - Sustainability & Company Secretary
5. Mr. Manoj Kumar Ishwar- AGM Secretarial

1 Background

The draft Scheme of Arrangement consisting of demerger of the Spinning Division of GHCL Limited ('Demerged Company' or 'Company') into GHCL Textiles Limited ('Resulting Company' or 'WOS') and their respective shareholders and creditors (hereinafter referred to as "Scheme") was placed before the Audit & Compliance Committee of GHCL Limited at the meeting held on Monday, December 6, 2021.

The Resulting Company is a wholly owned subsidiary of GHCL Limited.

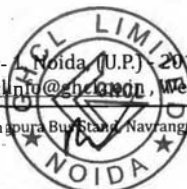
The Scheme of Arrangement consisting of demerger of Spinning Division has been placed before the Audit & Compliance Committee for its recommendation:

2 The salient features of the Scheme are as follows:

- The "Appointed Date" shall mean the Effective Date;
- The "Effective Date" means the date or last of the dates on which certified copies of the order of the NCLT sanctioning the scheme are filled by the Demerged Company and the Resulting Company with the registrar of companies;
- Based on the Share Entitlement Report(s) dated 6-Dec-2021 issued by Mr. Niranjana Kumar, Registered Valuer (IBBI Registration No - IBBI/RV/06/2018/10137), appointed for the purpose of the arrangement as prescribed in Para (A)(4) of Part I of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, the following share exchange ratio is proposed:

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Regd. Office : GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad, Gujarat - 380009, India



"1 (One) equity share of the Resulting Company of face value of INR 2 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in the Demerged Company (i.e. GHCL)"

- The Fairness Opinion confirmed that the share exchange ratio in the Share Entitlement Report is fair to the Demerged Company and the Resulting Company and their respective shareholders.
- Further, S.R. Batliboi & Co. LLP, Statutory Auditors of the Company have confirmed that the accounting treatment as specified in the Scheme are in accordance with applicable Accounting Standards specified by the Central Government in Section 133 of the Companies Act, 2013.
- Upon the Scheme becoming effective, the share capital of the Resulting Company, as held by GHCL Limited, shall be cancelled and extinguished without any further act, deed or instrument as an integral part of this Scheme.

3 Comment by the Audit & Compliance Committee on the Scheme:

The Audit & Compliance Committee, constituted with independent directors, reviewed and provided the following comments on the Scheme.

3.1. Need for the Demerger:

The Demerged Company is inter-alia engaged in varied business verticals namely Chemical, Spinning and Home Textiles. The Chemical business is highly capital driven with long gestation period and the Textiles business (consisting of Spinning Division and Home Textiles Division), 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.

Management believes that the risk and reward associated with each of the aforesaid business verticals are different and are at different maturity stage in their life cycles. Each business verticals have a distinct attractiveness to divergent set of investors. With a view to unlock the potential of each of the business verticals, the management intends to demerge the Spinning Division, on a going concern basis, into GHCL Textiles Limited, with a resultant mirror image shareholding, and whose shares would be listed on the Stock Exchange after the demerger. It is intended for the Demerged Company to focus on the Chemical Business and the Resulting Company to focus on the Spinning Business. The management believes that such concentrated efforts shall benefit all stakeholders of the Demerged Company and Resulting Company, respectively.

3.2. Rationale of the Scheme:

Rationale for the Scheme is as follows:

- a. Facilitate focused growth, concentrated approach, business synergies and increased operational and customer focus for respective business verticals.
- b. Rationalization of operations with greater degree of operational efficiency and optimum utilization of various resources.
- c. The Resulting Company, with clear identity of being in a Spinning Business, will enable 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. Ability to leverage financial and operational resources in each business verticals will lead to possibilities of joint ventures and associations with other Industry participants, both in India and globally, and will facilitate attracting greater talent pool.
- f. Each business will be able to address independent business opportunities with efficient capital allocation and attract different set of investors, strategic partners, lenders and other stakeholders, thus leading to enhanced value creation for shareholders, which would be in the best interest of the Demerged Company and Resulting Company and their respective stakeholders connected therewith.
- g. Simplification and rationalization of business undertakings holding structure of the Company.

The Audit & Compliance Committee is of the view that the rationale and purpose of the proposed demerger as mentioned in the Scheme justify the basis for the demerger.

3.3. Synergies of business of the entities involved in the Scheme:

The Resulting Company, with clear identity of being in a Spinning Business, will enable right customer attention resulting in deeper market penetration. In addition, it will lead to focused operational efforts, rationalization, simplification of business processes since both entities part of the same group.

The demerger will lead to a more efficient utilization of capital, greater business synergies and create a diversified base for future growth.

3.4. Impact of the Scheme on the Shareholders:

Both the promoter and non-promoter shareholders of the Demerged Company will receive equity shares in the Resulting Company in accordance with Clause 5 of the Scheme.

Further, the existing equity share capital of the Resulting Company, held by the Demerged Company, shall stand cancelled in terms of the Clause 7.2.4 of the Scheme. The cancellation of equity share capital will be effected as part of the Scheme in accordance with provision of Section 66 of the Act and the order of the NCLT shall be deemed to be the order under the applicable provisions of the Act for confirming the cancellation of share capital.

The Scheme is not, in any manner, prejudicial or against public interest and would serve the interest of all shareholders, creditors or any other stakeholders.

3.5. Cost benefit analysis of the Scheme:

The consideration to be discharged by the Resulting Company to the equity shareholders of the Demerged Company in accordance with clause 5 of the Scheme is in accordance with the Share Exchange Ratio Report and Fairness Opinion obtained by the Company in relation to the demerger.

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Demerged Company and the Resulting Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by the Demerged Company.



The Company would incur only implementations costs (like - advisers fees, stamp duty) in relation to the Scheme. In view thereto, Audit & Compliance Committee is of the view that the costs incurred towards the implementation of the Scheme would foreshadows the long-run benefit that can be derived by achieving strategic and operational synergies envisaged under the Scheme.

4 Recommendation of the Audit & Compliance Committee

After consideration of the draft Scheme, the members of the Audit & Compliance Committee formed an opinion that the implementation of the proposed Scheme of Arrangement involving Demerger of Spinning Division is in the interest of the Company and its shareholders, creditors and other stakeholders.

The Audit & Compliance Committee hereby approves and recommends the draft scheme for favorable consideration by the board of directors, Stock Exchange(s), SEBI and other appropriate authorities.



**For and on behalf of Audit &
Compliance Committee of GHCL Limited**

**Dr. Manoj Vaish
Chairman of Audit & Compliance Committee**

Place: Mumbai

Dated: December 6, 2021

REPORT OF THE MEETING OF INDEPENDENT DIRECTORS OF GHCL LIMITED RECOMMENDING SCHEME OF ARRANGEMENT BETWEEN THE GHCL LIMITED (DEMERGED COMPANY) AND GHCL TEXTILES LIMITED (RESULTING COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

Present in person through VC:

1. Dr. Manoj Vaish
2. Mrs. Vijaylaxmi Joshi
3. Mr. Arun Kumar Jain
4. Justice Ravindra Singh
5. Dr. Lavanya Rastogi

Invitees:

1. Mr. R S Jalan – Managing Director
2. Mr. Raman Chopra – CFO & Executive Director (Finance)
3. Mr. Neelabh Dalmia – Executive Director (Textiles)
4. Mr. Bhuvneshwar Mishra – Sr. GM Sustainability & Company Secretary
5. Mr. Manoj Kumar Ishwar – AGM Secretarial

I. BACKGROUND

The proposal had been placed before the Independent Directors at their meeting held on Monday December 6, 2021 which was considered, and the recommendation had been made to the Board for approval of the draft scheme of arrangement between the GHCL Limited ('GHCL' or 'Demerged Company' or 'the Company') and GHCL Textiles Limited ('GHCL Textiles' or 'Resulting Company') and their respective shareholders and creditors ('Scheme') subject to approval of statutory authorities including Hon'ble NCLT, Ahmedabad bench

GHCL Limited is a listed public company inter-alia engaged in varied business verticals namely Chemical, Spinning and Home Textiles (consisting of Spinning Division and Home Textiles Division). GHCL Textiles Limited is wholly owned subsidiary of GHCL Limited.

This Report of the Independent Directors is made in order to comply with the provisions of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021

The draft Scheme was placed before the Independent Directors to consider and recommend the same to the Board of Directors of the Company after taking into account that the Scheme is not detrimental to the Shareholders of the Company along with the following draft documents:

- a) Draft Scheme, duly initialled by Company Secretary of the Company for the purpose of identification;



- b) Share Exchange Ratio Report dated 6-Dec-2021 issued by Mr. Niranjan Kumar, Registered Valuer – Securities or Financial Assets, providing the share exchange ratio for the proposed Scheme;
- c) Fairness Opinion dated 6-Dec-2021 prepared by Kunvarji Finstock Private Limited, SEBI Category 1 Merchant Banker, providing the Fairness Opinion on the share exchange ratio (“Fairness Opinion”) as recommended by Mr. Niranjan Kumar, Registered Valuer – Securities or Financial Assets; and
- d) Certificate dated 6-Dec-2021 issued by the Statutory Auditors of the Company i.e., S.R. Batliboi & Co. LLP, Chartered Accountants, to the effect that the Scheme is in compliance with the applicable Accounting Standards as specified by the Central Government under Section 133 of the Companies Act, 2013;

II. RATIONALE

The Independent Directors' note the rationale of the draft Scheme, which is as follows:

The Demerged Company is inter-alia engaged in varied business verticals namely Chemical, Spinning and Home Textiles. The Chemical business is highly capital driven with long gestation period and the Textiles business (consisting of Spinning Division and Home Textiles Division), 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.

Management believes that the risk and reward associated with each of the aforesaid business verticals are different and are at different maturity stage in their life cycles. Each business verticals have a distinct attractiveness to divergent set of investors. With a view to unlock the potential of each of the business verticals namely Chemical, Spinning and Home Textiles, the management has initiated the process to divest its Home Textile Business to Indo Count Industries Limited subject to requisite approvals required to be sought and further intends to demerge the Spinning Division, 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, with an intent to focus on its Chemical and Spinning Business separately, where the management believes that the concentrated efforts shall benefit all stakeholders of the Demerged and Resulting Company.

The Scheme is expected to result in the following benefits:

- a) *Facilitate focused growth, concentrated approach, business synergies and increased operational and customer focus for respective business verticals.*
- b) *Rationalization of operations with greater degree of operational efficiency and optimum utilization of various resources.*
- c) *The Resulting Company, with clear identity of being in a Spinning Business, will enable 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) *Ability to leverage financial and operational resources in each business verticals will lead to possibilities of joint ventures and associations with other Industry participants, both in India and globally, and will facilitate attracting greater talent pool.*
- f) *Each business will be able to address independent business opportunities with efficient capital allocation and attract different set of investors, strategic partners, lenders and other stakeholders, thus leading to enhanced value creation for shareholders, which would be in the best interest of the Demerged Company and Resulting Company and their respective stakeholders connected therewith.*
- g) *Simplification and rationalization of business undertakings holding structure of the Company.*

III. The salient features of the Scheme are as follows:

- The "**Appointed Date**" shall mean the Effective Date;
- The "**Effective Date**" means the date or last of the dates on which certified copies of the order of the NCLT sanctioning the scheme are filed by the Demerged Company and the Resulting Company with the registrar of companies;
- Based on the Share Entitlement Report(s) dated 6-Dec-2021 issued by Mr. Niranjana Kumar, Registered Valuer (IBBI Registration No - IBBI/RV/06/2018/10137), appointed for the purpose of the arrangement as prescribed in Para (A)(4) of Part I of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, the following share exchange ratio is proposed:

"1 (One) equity share of the Resulting Company of face value of INR 2 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in the Demerged Company (i.e. GHCL)"

IV. VALUATION AND SWAP RATIO

The Independent Directors' Committee perused the following documents in relation to the Scheme:

- i. Draft Scheme of Arrangement;
- ii. Share Entitlement Report(s) dated 6-Dec-2021 issued by Mr. Niranjana Kumar, Registered Valuer (IBBI Registration No - IBBI/RV/06/2018/10137); and
- iii. Fairness Opinion dated 6-Dec-2021 issued by Kunvarji Finstock Private Limited, an Independent SEBI Registered Category - I Merchant Banker;
- iv. Certificate dated 6-Dec-2021 issued by the Statutory Auditors of the Company i.e., S.R. Batliboi & Co. LLP, Chartered Accountants, to the effect that the Scheme is in compliance with the applicable Accounting Standards as specified by the Central Government under Section 133 of the Companies Act, 2013;



The Committee of Independent Directors noted the following:

Upon this Scheme becoming effective, the Company will issue shares, in consideration of the demerger, as follows:

"1 (One) equity share of the Resulting Company of face value of INR 2 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in the Demerged Company (i.e. GHCL)"

- The Fairness Opinion confirmed that the share exchange ratio in the Share Entitlement Report is fair to the Demerged Company and the Resulting Company and their respective shareholders.
- Further, S.R. Batliboi & Co. LLP, Statutory Auditors of the Company have confirmed that the accounting treatment as specified in the Scheme are in accordance with applicable Accounting Standards specified by the Central Government in Section 133 of the Companies Act, 2013.
- Upon the Scheme becoming effective, the share capital of the Resulting Company, as held by GHCL Limited, shall be cancelled and extinguished without any further act, deed or instrument as an integral part of this Scheme.

V. RECOMMENDATIONS OF THE INDEPENDENT DIRECTORS' COMMITTEE

The Independent Directors' after due deliberations and due consideration of all the terms of the draft Scheme, Share Exchange Ratio Report, Fairness Opinion Report and the specific points mentioned above including interest of Shareholders of the Company, recommends the draft Scheme for favourable consideration by the Board of Directors of the Company, the Stock Exchanges, the Securities and Exchange Board of India and other statutory / regulatory authorities including NCLT.

By Order of the Independent Directors'

For and on behalf of Independent Directors' of GHCL Limited



Dr. Manoj Vaish

Lead Independent Director & Chairman appointed for the Independent Directors' meeting



Date: December 6, 2021

Place: Mumbai



CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF GHCL LIMITED HELD ON MONDAY, 6th DAY OF DECEMBER 2021, THROUGH VIDEO CONFERENCING OR OTHER AUDIO VISUAL MEANS AT GHCL HOUSE, B-38, INSTITUTIONAL AREA, SECTOR -1, NOIDA - 201301, COMMENCED AT 2:30 PM AND ENDED AT 4:30 PM

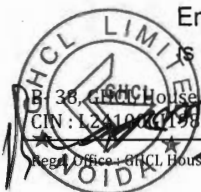
APPROVAL OF THE SCHEME OF ARRANGEMENT AND SHARE ENTITLEMENT RATIO REPORT BETWEEN GHCL LIMITED ('DEMERGED COMPANY') AND GHCL TEXTILES LIMITED ('RESULTING COMPANY') AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

“RESOLVED THAT pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 and Memorandum and Articles of Association of GHCL Limited (hereinafter referred to as **“the Company”**) and subject to the requisite approval of the shareholders and creditors of the Company, BSE Limited (**‘BSE’**), National Stock Exchange of India Limited (**‘NSE’**) (BSE and NSE together referred to as **‘Stock Exchanges’**), Securities Exchange Board of India (**‘SEBI’**) and/or any other government or regulatory body if applicable or as may be required, and sanction of the National Company Law Tribunal, Ahmedabad Bench (hereinafter referred to as **“the Tribunal”**) or such other competent authority, as may be applicable, and as approved by the Audit & Compliance Committee of GHCL Limited and the Independent directors, the consent of the Board be and is hereby accorded for the Scheme of Arrangement consisting of demerger of Spinning Division of GHCL Limited (**“Demerged Company”**) into GHCL Textiles Limited (**‘Resulting Company’**) as per the terms and conditions mentioned in the Scheme of Arrangement (**“the Scheme”**).

“RESOLVED FURTHER THAT the Share Entitlement Report(s) dated 6-Dec-2021 issued by Mr. Niranjan Kumar, Registered Valuer (IBBI Registration No - IBBI/RV/06/2018/10137), determining the share exchange ratio for the purpose of the said Scheme, as placed before the Board, be and is hereby accepted, adopted and taken on record.

“RESOLVED FURTHER THAT the Fairness Opinion Report dated 6-Dec-2021 of Kunvarji Finstock Private Limited, SEBI Category 1 Merchant Banker, (Registration Number – INM000012564), certifying the Share Entitlement Ratio, as placed before the Board, be and is hereby accepted, adopted and taken on record.

“RESOLVED FURTHER THAT the report from the Audit Committee dated December 6, 2021 recommending the draft scheme, taking into consideration the Share Entitlement Report and the Fairness Opinion Report, as placed before the board, be and is hereby accepted, adopted and taken on record.



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 CIN : L28100UP1993PLC086513, E-mail : ghclinfo@ghcl.co.in, Website : www.ghcl.co.in
 Regd. Office - GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad, Gujarat - 380009, India

“RESOLVED FURTHER THAT the report of the Board explaining the effect of the arrangement pursuant to the Scheme, on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders and laying out in particular, the share exchange ratio, as applicable, specifying special valuation difficulties, if any, as required to be annexed to the notice and explanatory statement pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013, submitted before the meeting, be and is hereby adopted.

“RESOLVED FURTHER THAT the undertaking (duly certified by the Statutory Auditors of the Company) with regard to the non-applicability of requirements as prescribed in terms of para A(10)(a) and para A(10)(b) of Part I of the Securities And Exchange Board Of India (‘SEBI’) Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23 , 2021 in respect of the scheme, as placed before the board, be accepted and approved”.

“RESOLVED FURTHER THAT the auditor’s certificate pursuant to paragraph (5)(a) of Part – I (A) read with Annexure I of SEBI Circular, to the effect that the accounting treatment contained in the Scheme is in compliance with all accounting standards specified by Central Government u/s 133 of the Companies Act, 2013 be and is hereby taken on record.”

“RESOLVED FURTHER THAT the report from the Independent Directors approved by them in their meeting held on December 6, 2021, recommending the draft scheme and confirming that the proposed scheme is not detrimental to the shareholders of the listed entity, as placed before the board, be and is hereby accepted, adopted and taken on record.

“RESOLVED FURTHER THAT for the purpose of coordinating with the Securities and Exchange Board of India (‘SEBI’) in terms of Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23 , 2021 (as amended from time to time) issued by SEBI, BSE Limited be and is hereby designated as the Designated Stock Exchange.

“RESOLVED FURTHER THAT pursuant to the provisions of the Companies Act, 2013 and other applicable laws, the Company as a shareholder of GHCL Textiles Limited (‘**Resulting Company**’) hereby grants its consent to the Scheme with/without modifications and/or conditions, if any, which may be required and/or imposed and/or permitted by any authority under applicable laws.

“RESOLVED FURTHER THAT a committee in the name and title of ‘Restructuring Committee for Arrangement (‘**Committee**’) be and hereby constituted, comprising of Mr. R S Jalan, Managing Director, Mr. Raman Chopra, CFO & Executive Director (Finance), Mr. Neelabh Dalmia, Executive Director (Textiles), Mr. Bhuneshwar Mishra, Sr. GM - Sustainability & Company Secretary, Mr. Manoj Kumar Ishwar, AGM (Secretarial) and Mr. Abhishek Chaturvedi, Authorised signatory to take all necessary steps, as



applicable, in connection with the Scheme and are hereby severally authorised including but not limited to:

- a. To sign, file, submit or present the scheme along-with related applications, supplementary applications, documents, any other information/details, certification/approval of any information/details and replies in connection with the scheme with the concerned Stock Exchanges or with the governmental, regulatory, statutory authorities concerned including but not limited to SEBI, or any other agency concerned as may be required in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23 , 2021 and any applicable laws, regulations, obtaining approvals to the Scheme or for giving effect thereto and also to assent, to approve and make any alterations or modifications to the Scheme as the concerned Stock Exchanges and/or SEBI and/or other Governmental, regulatory and/or statutory authorities may deem fit to approve or impose;
- b. Filing of Applications/Affidavits with the Tribunal or such other competent authority, seeking directions for holding or dispensation from holding of the meeting of the shareholders and/or creditors of the Company as may be directed by the Tribunal to give effect to the Scheme;
- c. Filing of petitions for confirmation of the Scheme by the Tribunal or such other competent authority;
- d. For the above purpose, to engage professionals including Company Secretaries, Chartered Accountants, registered valuers, intermediaries, Advocates, Consultants and if considered necessary, also engage services of Counsel(s), declare and file all pleadings, reports and sign and issue public advertisements, notices and to do all acts and incidental and necessary thereto;
- e. Obtaining approval/consent from such other authorities and parties including the term loan or working capital lenders, financial institutions etc. as may be required as per the terms of the agreements with the said parties;
- f. To communicate and correspond with the Stock Exchanges, banks, institutions, investors, government authorities, local authorities and others, where required, about the Scheme and to do all such acts, deeds, matters and things as may be at their discretion be deemed necessary or desirable for such purpose and with power to settle any queries, difficulties or doubts that may arise in this regard as they may in their absolute discretion, deem fit and proper for the purpose of giving effect to the above resolution;



- g. To settle any question or difficulty that may arise with regard to the implementation of the Scheme and to give effect to the above resolution;
- h. To make any alterations/changes to the Scheme as may be expedient or necessary for satisfying the requirements or conditions imposed by the Tribunal or other competent authority, which do not materially change the substance of the Scheme;
- i. To make, prepare, review, amend, execute, swear, declare and register all declarations, affidavits, applications, filings, letters, undertakings papers, and writings, as may be required necessary or expedient under the provisions of various applicable acts, rules, regulations or notifications of the Central and/or State Governments and/or any other authorities, including but not limited to Courts, Tribunals, BSE, NSE, SEBI, Registrar of Companies, local authorities, and such other concerned authorities or agencies and or to represent the company in all correspondences, matters and proceedings before them of any nature whatsoever in relation to the above;
- j. To withdraw the Scheme at any stage in case the changes or modifications required in the Scheme due to any business or commercial reason as may be decided by the Board or the conditions imposed by any shareholder, creditor, the Tribunal and/or any other authority, are not acceptable, and if the Scheme cannot be implemented otherwise, and to do all such acts, deeds and things as they may think necessary and desirable in connection therewith and incidental thereto;
- k. Coordinate and respond to queries raised by Regional Director, Registrar of Companies, Stock Exchanges, SEBI and Income Tax Authorities and/or any other regulatory authority, if applicable, in relation to the Scheme to enable them to file their report with the jurisdictional Tribunal;
- l. To file any other application/petition, affidavits/reports received from Registrar of Companies, Regional Director, Income-tax authorities or any other authority, incidental or ancillary to the Scheme, and in connection of sanction thereof, whether before the Tribunal or before any other statutory and/or regulatory authority, and to do all such acts, deeds and things as they may think necessary and desirable in connection therewith and incidental thereto;
- m. To swear and depose affidavit before the Tribunal or such other competent authority in relation to any matter pertaining to the aforesaid Scheme;
- n. To sign all applications, memoranda, undertakings, declarations, deeds, petitions, vakalatnama, consents and other documents, to be filed before the Tribunal or such other competent authority in relation to any matter pertaining to the aforesaid Scheme;



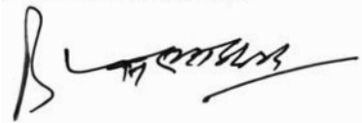
- o. To sign, submit and file letter, applications, forms returns, affidavits and all other necessary documents etc. for payment of applicable stamp duty for registration of final order of the NCLT with the collector of stamps.
- p. To represent the Company in general before the Tribunal or such other competent authority or any such meetings convened by the Tribunal or such other competent authority in relation to any matter pertaining to the aforesaid Scheme;
- q. To affix Common Seal of the Company in accordance with the provisions of the Articles of Association of the Company on any documents in connection with the purpose of the above resolution as may be required, and to send the Common Seal of the Company to other places, if so required, to facilitate execution of documents / papers in connection with the Scheme;
- r. To do all such other acts, matters, deeds or things as may be considered necessary and expedient in connection with or incidental to giving effect to the purpose of the above resolution or otherwise giving effect to the Scheme; and
- s. To delegate/sub-delegate the powers, privileges and authorizations accorded to them in their favour pursuant to this resolution by way of Power of Attorney or otherwise, to such person(s) as they may be in their full and absolute discretion, deem appropriate.”

“**RESOLVED FURTHER THAT** all acts, deeds, matter and things done by the Restructuring Committee for Arrangement and/or any authorised officials of the Company for the aforesaid purpose, shall have the same effect as if done by the Board of Directors of the Company.”

“**RESOLVED FURTHER THAT** Mr. R S Jalan, Managing Director, Mr. Raman Chopra, CFO & Executive Director (Finance), Mr. Neelabh Dalmia, Executive Director (Textiles), Mr. Bhuneshwar Mishra, Sr. GM - Sustainability & Company Secretary, Mr. Manoj Kumar Ishwar, AGM (Secretarial) and Mr. Abhishek Chaturvedi, Authorised signatory be and is hereby severally authorized to sign any copy of this resolution as a certified true copy thereof and furnish the same to whomsoever concerned.”

CERTIFIED TRUE COPY

FOR GHCL LIMITED



Bhuneshwar Mishra
Sr. GM- Sustainability & Company Secretary

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF GHCL TEXTILES LIMITED HELD ON MONDAY, 6th DAY OF DECEMBER 2021, THROUGH VIDEO CONFERENCING OR OTHER AUDIO VISUAL MEANS AT GHCL HOUSE, B-38, INSTITUTIONAL AREA, SECTOR -1, NOIDA - 201301, COMMENCED AT 4:45 PM AND ENDED AT 5:30 PM

APPROVAL OF THE SCHEME OF ARRANGEMENT AND SHARE ENTITLEMENT RATIO REPORT BETWEEN GHCL LIMITED ('DEMERGED COMPANY') AND GHCL TEXTILES LIMITED ('RESULTING COMPANY') AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

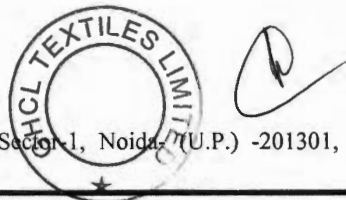
“RESOLVED THAT pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions, if any, of the Companies Act, 2013 and Memorandum and Articles of Association of GHCL Textiles Limited (hereinafter referred to as **“the Company”**) and subject to requisite approval of the shareholders and creditors of the Company and/or any other government or regulatory body if applicable or as may be required, and sanction of the National Company Law Tribunal, Ahmedabad Bench (hereinafter referred to as **“the Tribunal”**) or such other competent authority, as may be applicable, the consent of the Board be and is hereby accorded for the Scheme of Arrangement consisting, amongst others, demerger of the Spinning Division of GHCL Limited (**“Demerged Company”**) into GHCL Textiles Limited (**“Resulting Company”**) as per the terms and conditions mentioned in the Scheme of Arrangement (**“the Scheme”**).

“RESOLVED FURTHER THAT the Share Entitlement Report(s) dated 6-Dec-2021 issued by Mr. Niranjana Kumar, Registered Valuer (IBBI Registration No - IBBI/RV/06/2018/10137), determining the share exchange ratio for the purpose of the said Scheme, as placed before the Board, is hereby taken on record and accepted.

“RESOLVED FURTHER THAT the Fairness Opinion Report dated 6-Dec-2021 of Kunvarji Finstock Private Limited, SEBI Category 1 Merchant Banker, (Registration Number – INM000012564), certifying the Share Entitlement Ratio, as placed before the Board, be and is hereby accepted, adopted and taken on record.

“RESOLVED FURTHER THAT the report of the Board explaining the effect of the arrangement pursuant to the Scheme, on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders and laying out in particular, the share exchange ratio, as applicable, specifying special valuation difficulties, if any, as required to be annexed to the notice and explanatory statement pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013, submitted before the meeting, be and is hereby adopted.

“RESOLVED FURTHER THAT Mr. R S Jalan, Director, and /or Mr. Raman Chopra, Director, and /or Mr. Neelabh Dalmia, Director, and /or Mr. Bhuneshwar Mishra, Authorised Signatory, and /or Mr. Manoj Kumar Ishwar, Authorised Signatory, and /or Mr. Abhishek Chaturvedi, Authorised Signatory are hereby severally authorised to take all necessary steps, as applicable, in connection with the Scheme including but not limited to:



B-38, GHCL House, Institutional Area, Sector-1, Noida (U.P.) -201301, India. Ph.: 0120-4939900, CIN: U18101GJ2020PLC114004

Regd. Office: GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad, Gujarat -380009, India

GHCL Textiles Limited

- a. To sign, file, submit or present the scheme along-with related applications, supplementary applications, documents, any other information/details, certification/approval of any information/details and replies in connection with the scheme with the governmental, regulatory, statutory authorities concerned, as may be required, obtaining approvals to the Scheme or for giving effect thereto and also to assent to, approve and make any alterations or modifications to the Scheme as any governmental, regulatory and/or statutory authorities may deem fit to approve or impose;
- b. Filing of Applications/Affidavits with the Tribunal or such other competent authority, seeking directions for holding or dispensation from holding of the meeting of the shareholders and/or creditors of the Company as may be directed by the Tribunal to give effect to the Scheme;
- c. Filing of petitions for confirmation of the Scheme by the Tribunal or such other competent authority;
- d. For the above purpose, to engage professionals, as required, including Company Secretaries, Chartered Accountants, Advocates and if considered necessary, also engage services of Counsel(s), declare and file all pleadings, reports and sign and issue public advertisements, notices and to do all acts and incidental and necessary thereto;
- e. Obtaining approval/consent from such other authorities and parties including the term loan lenders, financial institutions etc. as may be required as per the terms of the agreements with the said parties;
- f. To communicate and correspond with the banks, institutions, investors, government authorities, local authorities and others where required about the Scheme and to do all such acts, deeds, matters and things as may be at their discretion be deemed necessary or desirable for such purpose and with power to settle any queries, difficulties or doubts that may arise in this regard as they may in their absolute discretion, deem fit and proper for the purpose of giving effect to the above resolution;
- g. To settle any question or difficulty that may arise with regard to the implementation of the Scheme and to give effect to the above resolution;
- h. To make any alterations/changes to the Scheme as may be expedient or necessary for satisfying the requirements or conditions imposed by the Tribunal or other competent authority, which do not materially change the substance of the Scheme;
- i. To make, prepare, review, amend, execute, swear, declare and register all declarations, affidavits, applications, fillings, letters, undertakings papers, and writings, as may be required necessary or expedient under the provisions of various applicable acts, rules, regulations or notifications of the Central and/or State Governments and/or any other authorities, including but not limited to Courts, Tribunals, Registrar of Companies, and such other concerned authorities or agencies and or to represent the company in all correspondences, matters and proceedings before them of any nature whatsoever in relation to the above;

B-38, GHCL House, Institutional Area, Sector-1, Noida (U.P.)-201301, India. Ph.: 0120-4939900, CIN: U18101GJ2020PLC114004

Regd. Office: GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad, Gujarat -380009, India

GHCL Textiles Limited

- j. To withdraw the Scheme at any stage in case the changes or modifications required in the Scheme due to any business or commercial reason as may be decided by the Board or the conditions imposed by any shareholder, creditor, the Tribunal and/or any other authority, are not acceptable, and if the Scheme cannot be implemented otherwise, and to do all such acts, deeds and things as they may think necessary and desirable in connection therewith and incidental thereto;
- k. Coordinate and respond to queries raised by Regional Director, Registrar of Companies and Income Tax Authorities or any other authority, if applicable, in relation to the Scheme;
- l. To file any other application/petition, affidavits/reports received from Registrar of Companies, Regional Director, Income-tax authorities or any other authority, incidental or ancillary to the Scheme, and in connection of sanction thereof, whether before the Tribunal or before any other statutory and/or regulatory authority, and to do all such acts, deeds and things as they may think necessary and desirable in connection therewith and incidental thereto;
- m. To swear and depose affidavit before the Tribunal or such other competent authority in relation to any matter pertaining to the aforesaid Scheme;
- n. To sign all applications, memoranda, undertakings, declarations, deeds, petitions, vakalatnama, consents and other documents, to be filed before the Tribunal or such other competent authority in relation to any matter pertaining to the aforesaid Scheme;
- o. To sign, submit and file letter applications, forms returns, affidavits and all other necessary documents etc. for payment of applicable stamp duty for registration of final order of the NCLT with the collector of stamp.
- p. To represent the Company in general before the Tribunal or such other competent authority or any such meetings convened by the Tribunal or such other competent authority in relation to any matter pertaining to the aforesaid Scheme;
- q. To affix Common Seal of the Company, in accordance with the provisions of the Articles of Association of the Company on any documents in connection with the purpose of the above resolution as may be required, and to send the Common Seal of the Company to other places, if so required, to facilitate execution of documents / papers in connection with the Scheme;
- r. To do all such other acts, matters, deeds or things as may be considered necessary and expedient in connection with or incidental to giving effect to the purpose of the above resolution or otherwise giving effect to the Scheme; and
- s. To delegate/sub-delegate the powers, privileges and authorizations accorded to them in their favour pursuant to this resolution by way of Power of Attorney or otherwise, to such person(s) as they may be in their full and absolute discretion, deem appropriate."



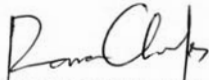
B-38, GHCL House, Institutional Area, Sector-1, Noida- (U.P.) -201301, India. Ph: 0120-4939900, CIN: U18101GJ2020PLC114004

Regd. Office: GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad, Gujarat -380009, India

GHCL Textiles Limited

“RESOLVED FURTHER THAT Mr. R S Jalan, Director, Mr. Raman Chopra, Director, Mr. Neelabh Dalmia, Director be and is hereby severally authorized to sign any copy of this resolution as a certified true copy thereof and furnish the same to whomsoever concerned.”

FOR GHCL TEXTILES LIMITED


RAMAN CHOPRA
DIRECTOR
DIN: 00954190



B-38, GHCL House, Institutional Area, Sector-1, Noida- (U.P.) -201301, India. Ph.: 0120-4939900, CIN: U18101GJ2020PLC114004

Regd. Office: GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad, Gujarat -380009, India

Date: 06 December 2021

To,
The Board of Directors
GHCL Limited
GHCL House, Opp. Punjabi Hall,
Navrangpura, Ahmedabad,
Gujarat – 380 009

To,
The Board of Directors
GHCL Textiles Limited
GHCL House, Opp. Punjabi Hall,
Navrangpura, Ahmedabad,
Gujarat – 380 009

Subject: Recommendation of share entitlement ratio for the proposed demerger of the 'Spinning Business' of GHCL Limited ('GHCL') into GHCL Textiles Limited ('GHCL Textiles').

Dear Sir,

We refer to the engagement letter dated 26 November 2021 and discussions undertaken with the Management of GHCL Limited ('GHCL' or 'Demerged Company') and GHCL Textiles Limited ('GHCL Textiles' or 'Resulting Company') (hereinafter both of them together referred to as 'the Management'), wherein the Management of GHCL and GHCL Textiles has requested Niranjan Kumar, Registered Valuer - Securities or Financial Assets ('NK', 'we' or 'us') to recommend a share entitlement ratio for the proposed demerger of the "Spinning Business" of GHCL into its wholly owned subsidiary i.e. GHCL Textiles Limited ('Proposed Demerger').

Hereinafter, the Management including the Board of Directors of GHCL and GHCL Textiles shall together be referred to as 'the Management'; and the Demerged Company and Resulting Company shall together be referred to as 'Transacting Companies'.

Please find enclosed the report (comprising 11 pages including annexure) detailing our recommendation of share entitlement ratio for the proposed demerger and the assumptions used in our analysis.

This report sets out our scope of work, background, sources of information, procedures performed by us and our recommendation on the share entitlement ratio.

BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

GHCL Limited ('GHCL' or 'Demerged Company') was incorporated on 14 October 1983 and is engaged in the business of (i) manufacturing and sale of inorganic chemicals (including soda ash i.e. both dense grade and light grade); sodium bicarbonate, industrial salt and consumer products ('Chemical Business'); (ii) yarn manufacturing, spinning of yarn and other ancillary materials from its manufacturing plant situated at Madurai and Manaparai, Tamil Nadu ('Spinning Business'); and (iii) manufacture and sale of home textiles products (including but not limited to weaving, processing, cutting and sewing of home textiles products) from its manufacturing plant situated at Vapi, Gujarat ('Home Textiles Business'). The equity shares of GHCL are listed on both NSE and BSE. GHCL holds 100% equity stake in GHCL Textiles Limited.



GHCL Textiles Limited ('GHCL Textiles' or 'Resulting Company') was incorporated on 17 June 2020 with an objective to engage in the textile business. GHCL Textiles is a wholly owned subsidiary of GHCL Limited.

We understand that the Management of the Transacting Companies are contemplating a scheme of arrangement, wherein they intend to demerge the 'Spinning Business' of GHCL into GHCL Textiles in accordance with the provisions of Sections 230 to 232 including section 66 of the Companies Act, 2013 or any statutory modifications, re-enactment or amendments thereof for the time being in force ("the Act") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("the Rules"), as amended from time to time and all other applicable provisions, if any, of the Act and any other applicable law for the time being in force including the applicable provisions of the SEBI Guidelines and the rules framed therein with respect to the proposed demerger and in a manner provided in the Scheme of Arrangement (hereinafter referred to as 'the Scheme').

Based on our discussion with the Management, we understand that the Spinning Business of GHCL ('Demerged Company') will be demerged into its wholly owned subsidiary i.e. GHCL Textiles ('Resulting Company'). Further, we understand that as a part of the Scheme, the outstanding issued and paid up share capital of GHCL Textiles ('Pre Demerger Equity Share Capital') would be cancelled by way of capital reduction.

In connection with the above-mentioned proposed demerger, the Management has appointed Niranjn Kumar, Registered Valuer- Securities or Financial Assets to submit a report recommending a share entitlement ratio for issue of shares of GHCL Textiles to the shareholders of GHCL as a consideration for the proposed demerger.

We would like to emphasize that certain terms of the proposed demerger are stated in our report, however the detailed terms of the proposed demerger shall be more fully described and explained in the Scheme document to be submitted with relevant authorities in relation to the proposed demerger. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the underlying Scheme.

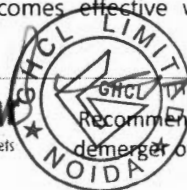
We understand that the appointed date for the proposed demerger shall mean the effective date i.e. the date or last of the dates on which certified copies of the order of the NCLT sanctioning the scheme are filed by the Demerged Company and the Resulting Company with the registrar of companies. We have determined the share entitlement ratio for the proposed demerger as at the report date ('Valuation Date').

The scope of our service is to determine the share entitlement ratio as at the valuation date after considering the facts of the case and report on the same in accordance with generally accepted professional standards including ICAI Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India (ICAI) and requirement prescribed by Securities Exchange Board of India ('SEBI') Regulations as may be applicable to listed entities.

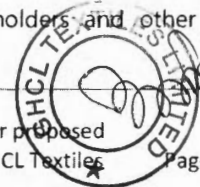
The Management have informed us that:

- a) There would not be any capital variation in the Transacting Companies till the proposed demerger becomes effective without approval of the shareholders and other relevant authorities;

Niranjn Kumar
Registered Valuer Securities or Financial Assets



Recommendation of share entitlement ratio for proposed demerger of Spinning Business of GHCL into GHCL Textiles



Page 2 of 11

- b) Till the proposed demerger becomes effective, neither of the Transacting Companies would declare any dividend which are materially different from those declared in the past few years.
- c) There are no unusual/ abnormal events in the Transacting Companies other than those represented to us by the Management till the report date materially impacting their operating/ financial performance.
- d) There would be no significant variation between the draft scheme of arrangement and the final scheme approved and submitted with the relevant authorities.

This report is our deliverable for the said engagement and is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality and in conjunction with the relevant documents referred to therein.



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SHAREHOLDING PATTERN

a) GHCL Limited ('Demerged Company')

The equity shareholding pattern of GHCL as at 30 September 2021 is set out below:

| Category of shareholder | Number of equity shares (Face Value of INR 10 each) | Percentage % |
|-----------------------------|--------------------------------------------------------|-----------------|
| Promoter and Promoter Group | 1,81,87,810 | 19.1% |
| Public | 7,71,62,976 | 80.9% |
| Total | 9,53,50,786 | 100.0% |

b) GHCL Textiles Limited ('Resulting Company')

The equity shareholding pattern of GHCL Textiles as at 30 September 2021 is set out below:

| Name of shareholder | Number of equity shares (Face Value of INR 2 each) | Percentage % |
|--------------------------------------|-------------------------------------------------------|-----------------|
| GHCL Limited (including its nominee) | 50,000 | 100.0% |
| Total | 50,000 | 100.0% |

We understand that as a part of the Scheme, the entire above-mentioned outstanding issued and paid up share capital of GHCL Textiles ('Pre Demerger Equity Share Capital') would be cancelled by way of capital reduction.



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SOURCES OF INFORMATION

In connection with the recommendation of share entitlement ratio, we have used the following information obtained from the Management and/ or gathered from public domain:

- Copy of the draft scheme of arrangement pursuant to which the proposed demerger is to be undertaken along with proposed capital reduction;
- Shareholding pattern of GHCL and GHCL Textiles as at 30 September 2021; and
- Discussion with the Management to understand the rationale and basis for arriving at the recommended share entitlement ratio;
- Such other information and documents as provided by the Management for the purpose of this engagement.

Besides the above listing, there may be other information provided by the Management which may not have been perused by us in detail, if not considered relevant for our defined scope.

We have also considered/ obtained such other analysis, review, explanations and information considered reasonably necessary for our exercise, from the Management.

The Management of the Transacting Companies have been provided with the opportunity to review the draft report (excluding the recommended share entitlement ratio) as part of our standard practice to make sure that factual inaccuracy/ omissions are avoided in our report.

PROCEDURES ADOPTED

Procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the following:

- Reviewed the draft scheme of arrangement;
- Reviewed the shareholding pattern of GHCL and GHCL Textiles as at 30 September 2021;
- Discussions with the Management to obtain requisite explanation and clarification of data provided;
- Analysis of other facts and data as considered necessary; and
- Determined the fair share entitlement ratio in discussions with the Management, for issue of equity shares of GHCL Textiles ('Resulting Company') to the shareholders of GHCL ('Demerged Company') as a consideration for the proposed demerger of the 'Spinning Business' after considering the effect of the capital reduction in GHCL Textiles forming part of the Scheme;
- Arrived at the final share entitlement ratio for the proposed demerger after considering the effect of capital reduction.



RATIONALE FOR SHARE ENTITLEMENT RATIO

As mentioned earlier, as a part of the scheme of arrangement, the Spinning Business of GHCL is proposed to be demerged into its wholly owned subsidiary i.e. GHCL Textiles. GHCL has identified all the assets and liabilities of the Spinning Business which are to be taken over by and transferred to GHCL Textiles. Also, as a part of the Scheme, all the outstanding issued and paid up share capital of GHCL Textiles ('Pre Demerger Equity Share Capital') would be cancelled by way of capital reduction.

We understand that, upon the scheme being effective, all the shareholders of GHCL would also become the shareholders of GHCL Textiles and with the outstanding issued and paid-up share capital of GHCL Textiles ('Pre Demerger Equity Share Capital') getting cancelled by way of a capital reduction which would be part of the same scheme, their shareholding in GHCL Textiles would mirror their existing shareholding in GHCL prior to the demerger.

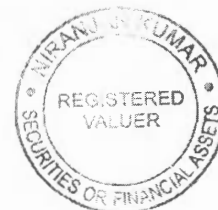
Taking into account the above facts and circumstance, any share entitlement ratio can be considered appropriate and fair for the proposed demerger as the proportionate equity shareholding of any shareholder pre-demerger and post-demerger would remain same and not vary and we have therefore not carried out any independent valuation of Spinning Business and GHCL Textiles. The Management has proposed a share entitlement ratio of "1 (One) equity share of GHCL Textiles of face value of INR 2 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in GHCL".

The Share Entitlement Ratio has been recommended keeping in mind the future equity servicing capacity and minimum share capital requirement of GHCL Textiles.

The effect of demerger is that each shareholder of GHCL becomes the owner of shares in two companies instead of one. No shareholder is, under the scheme, required to dispose off any part of his shareholding either to any of the other shareholders or in the market or otherwise. The scheme does not envisage the dilution of the holding of any one or more shareholders as a result of the operation of the scheme. Post demerger, the percentage holding of a shareholder in GHCL and in GHCL Textiles would remain same and not vary.

Upon issuance of equity shares basis the share entitlement ratio, and after the cancellation of Pre-Demerger Equity Share Capital of GHCL Textiles, the equity shareholders of GHCL and GHCL Textiles would be same.

Therefore, in our view, the above share entitlement ratio is fair and equitable, considering that all the shareholders of GHCL, will, upon the proposed demerger, have their inter-se economic interests, rights, obligations in GHCL Textiles post-demerger in the same proportion as their existing economic interests, rights and obligations in GHCL pre-demerger.

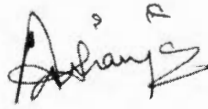


CONCLUSION

In the light of the above and on a consideration of all the relevant factors and circumstances and subject to our scope, limitations as mentioned above, we recommend the following share entitlement ratio of:

1 (One) equity share of GHCL Textiles of face value of INR 2 each fully paid up shall be issued for every **1 (One)** equity share held in GHCL having face value of INR 10 each fully paid up.

Respectfully submitted,



Niranjn Kumar
Registered Valuer- Securities or Financial Assets
IBBI Registration Number: IBBI/RV/06/2018/10137
ICAIRVO/06/RV-P000021/2018-19
UDIN: 21121635AAAHT4422

Date: 06 December 2021
Place: Pune



SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us.

This report, its contents and the results herein are specific and subject to:

- the purpose of valuation agreed as per the terms of this engagement;
- the date of this report;
- equity shareholding pattern of GHCL and GHCL Textiles as at 30 September 2021;
- proposed capital reduction of all the outstanding issued and paid up share capital of the GHCL Textiles ('Resulting Company');
- proposed share entitlement ratio recommended by the Management;
- draft scheme of arrangement; and
- data detailed in the section – Sources of Information

A value analysis of this nature is based on information made available to us as of the date of this report, events occurring after that date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Management till the date of this report and other sources, and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

In the course of our analysis, we were provided with both written and verbal information, by the Management as detailed in the section- Sources of Information.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification of,

- the accuracy of information made available to us by the Management, which formed a substantial basis for this report; and
- the accuracy of information that was publicly available;

We have not carried out a due diligence or audit or review of the Companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided.

We are not legal or regulatory advisors with respect to legal and regulatory matters for the proposed demerger. We do not express any form of assurance that the financial information or other information as prepared and provided by the Management is accurate. Also, with respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.



Niranjani Kumar
Registered Valuer - Securities or Financial Advisors



Recommendation of share entitlement ratio for proposed demerger of Spinning Business of GHCL into GHCL Textiles



Page 8 of 11

Our conclusions are based on these assumptions and information given by/ on behalf of the Management. The Management of the Company has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our recommendation. Accordingly, we assume no responsibility for any errors in the information furnished by the Management and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Management. However, nothing has come to our attention to indicate that the information provided was materially misstated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The report assumes that the Companies complies fully with relevant laws and regulations applicable in all its areas of operations and that the Company will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration on to matters of a legal nature, including issues of legal title and compliance with local laws and litigation and other contingent liabilities that are not represented to us by the Management.

This report does not look into the business/ commercial reasons behind the proposed demerger nor the likely benefits arising out of the same. Similarly, the report does not address the relative merits of the proposed demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is restricted to recommendation of share entitlement ratio for the proposed demerger only.

We would like to emphasize that as per the proposed scheme of arrangement, Spinning Business of GHCL ('Demerged Company') will be demerged into its wholly owned subsidiary i.e. GHCL Textiles ('Resulting Company') and upon cancellation of the entire outstanding issued and paid up share capital as a part of the scheme of the GHCL Textiles by way of capital reduction, fresh issue of shares would be made to the existing shareholders of GHCL on a proportionate basis such that their existing holding in GHCL is replicated in GHCL Textiles. Accordingly, we believe that any share entitlement ratio can be considered appropriate and fair for the proposed demerger as the inter-se proportionate equity shareholding of any shareholder pre-demerger and post-demerger would remain same and not vary and we have therefore not carried out any independent valuation of Spinning Business of GHCL and GHCL Textiles.

Certain terms of the proposed demerger are stated in our report, however the detailed terms of the proposed demerger shall be more fully described and explained in the scheme document to be submitted with relevant authorities in relation to the proposed demerger. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the Scheme document.

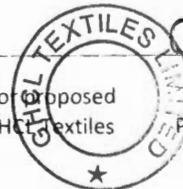
The fee for the Engagement is not contingent upon the results reported.

We owe responsibility only to the Board of Directors of the Transacting Companies, who have appointed us, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion. In no circumstance shall the liability of NK exceed the amount as agreed in our Engagement Letter.

This share entitlement ratio report is subject to the laws of India.



Recommendation of share entitlement ratio for proposed demerger of Spinning Business of GHCL into GHCL Textiles Page 9 of 11



Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of recommending the share entitlement ratio for the proposed demerger and relevant filing with regulatory authorities in this regard, without our prior written consent.

In addition, this report does not in any manner address the prices at which equity shares of GHCL shall trade following announcements of the proposed demerger and we express no opinion or recommendation as to how shareholders of the Transacting Companies should vote at any shareholders' meetings. Our report and the opinion/ valuation analysis contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities.

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Annexure-1: Summary of share entitlement ratio

Demerger of 'Spinning Business' of GHCL Limited ('Demerged Company') into GHCL Textiles Limited ('Resulting Company')

| Valuation Approach | Spinning Business of GHCL Limited (A) | | GHCL Textiles Limited (B) | |
|--------------------------------------|---------------------------------------------|--------|---------------------------------|--------|
| | Value per share (INR) | Weight | Value per share (INR) | Weight |
| | Asset Approach (Refer Note 1) | NA | 0% | NA |
| Income Approach (Refer Note 2) | NA | 0% | NA | 0% |
| Market Approach (Refer Note 3) | NA | 0% | NA | 0% |
| Relative value per share | NA | | NA | |
| Share Entitlement Ratio (A/B) | | | NA | |

NA: Not adopted

Notes:

1. Asset Approach – Not Adopted

As per the proposed scheme of arrangement, Spinning Business of GHCL ('Demerged Company') will be demerged into its wholly owned subsidiary i.e. GHCL Textiles ('Resulting Company') and upon cancellation of the entire outstanding issued and paid up equity shares held by GHCL in GHCL Textiles by way of capital reduction, fresh issue of shares would be made to the existing shareholders of GHCL on a proportionate basis such that their shareholding in GHCL Textiles would mirror their existing shareholding in GHCL. Hence, we have not carried out any independent valuation of Spinning Business of GHCL and GHCL Textiles.

In light of the above, we have not carried out any independent valuation of Spinning Business of GHCL and GHCL Textiles using the Asset Approach.

2. Income Approach – Not Adopted

In view of the explanation given in Note 1 above, we have not carried out any independent valuation of Spinning Business of GHCL and GHCL Textiles using the Income Approach.

3. Market Approach – Not Adopted

In view of the explanation given in Note 1 above, we have not carried out any independent valuation of Spinning Business of GHCL and GHCL Textiles using the Market Approach.



Niranjan Kumar
Registered Valuer - Securities or Financial Assets



Recommendation of share entitlement ratio for proposed demerger of Spinning Business of GHCL into GHCL Textiles



Page 11 of 11

Date: 06 December 2021

To,
The Board of Directors
 GHCL Limited
 GHCL House, Opp. Punjabi Hall,
 Navrangpura, Ahmedabad,
 Gujarat – 380 009

To,
The Board of Directors
 GHCL Textiles Limited
 GHCL House, Opp. Punjabi Hall,
 Navrangpura, Ahmedabad,
 Gujarat – 380 009

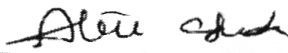
Subject: Fairness opinion on the share entitlement ratio recommended by Niranjn Kumar, Registered Valuer- Securities or Financial Assets for the proposed demerger of the 'Spinning Business' of GHCL Limited into GHCL Textiles Limited.

We refer to the engagement letter dated 29 November 2021 and discussions undertaken with the Management of GHCL Limited ("GHCL" or "Demerged Company") and GHCL Textiles Limited ("GHCL Textiles" or "Resulting Company") (hereinafter all of them together referred to as "the Management"), wherein the Management has requested Kunvarji Finstock Private Limited ("Kunvarji" or "We" or "us") to provide a fairness opinion on the share entitlement ratio recommended by Niranjn Kumar, Registered Valuer - Securities or Financial Assets ("Independent Valuer") vide report dated 06 December 2021 ("Valuation Date") in connection with the proposed demerger of 'Spinning Business' of GHCL Limited into GHCL Textiles Limited (together GHCL and GHCL Textiles are referred to as "Transacting Companies") (hereinafter referred to as "Proposed Demerger" or "Proposed Transaction").

Please find enclosed our deliverables in the form of report ("the Report"). This Report sets out the transaction overview, scope of work, background of the companies, sources of information and our opinion on the share entitlement ratio recommended by Independent Valuer for the aforesaid proposed demerger. This Report is subject to the scope, assumptions, exclusions, limitation and disclaimers 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.

This report has been issued only for the purpose of facilitating the Proposed Transaction and should not be used for any other purpose.

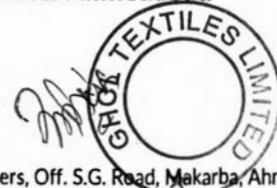
For, Kunvarji Finstock Private Limited



Mr. Atul Chokshi
Director (DIN: 00929553)



Place: Ahmedabad



Kunvarji Finstock Pvt. Ltd.

Kunvarji, B - Wing, Siddhivinayak Towers, Off. S.G. Road, Makarba, Ahmedabad - 380 051

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CIN - U65910GJ1986PTC008979

000326/2021

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FAIRNESS OPINION

**IN THE MATTER OF SCHEME OF ARRANGEMENT IN THE NATURE OF
DEMERGER OF SPINNING BUSINESS OF
GHCL LIMITED (DEMERGED COMPANY)**

INTO

GHCL TEXTILES LIMITED (RESULTING COMPANY)

STRICTLY PRIVATE AND CONFIDENTIAL

Prepared By:



Kunvarji Finstock Private Limited

(SEBI Category I Merchant Banking Registration Number – INM000012564)

Kunvarji, B-Wing,

Siddhivinayak Towers,

Nr. D.A.V. School, Off. S. G. Road,

Makarba,

Ahmedabad-380051



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000328/2021

1. BACKGROUND OF THE COMPANIES**GHCL TEXTILES LIMITED (RESULTING COMPANY)**

GHCL Textiles is a public company incorporated under the provisions of the Companies Act, 2013 on June 17, 2020 bearing Corporate Identification Number U18101GJ2020PLC114004, having Registered Office at GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad Gujarat - 380009, India. GHCL Textiles was incorporated to engage in Textile Business. GHCL Textiles is a wholly owned subsidiary of GHCL Limited.

The equity shareholding pattern of GHCL Textiles as at 30 September 2021 is set out below:

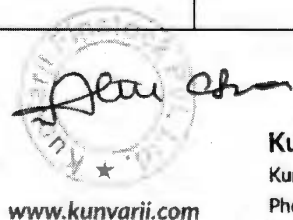
| Name of shareholder | Number of equity shares (Face Value of INR 2 each) | Percentage % |
|--------------------------------------|-------------------------------------------------------|-----------------|
| GHCL Limited (including its nominee) | 50,000 | 100.0% |
| Total | 50,000 | 100.0% |

GHCL LIMITED (DEMERGED COMPANY)

GHCL is a public company incorporated under the provisions of the Companies Act, 2013 on October 14, 1983 bearing Corporate Identification Number L24100GJ1983PLC006513, having Registered Office at GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad Gujarat - 380009, India. GHCL is engaged in the business of (i) manufacturing and sale of inorganic chemicals (including soda ash i.e. both dense grade and light grade); sodium bicarbonate, industrial salt and consumer products ('Chemical Business'); (ii) yarn manufacturing, spinning of yarn and other ancillary materials from its manufacturing plant situated at Madurai and Manaparai, Tamil Nadu ('Spinning Business'); and (iii) manufacture and sale of home textiles products (including but not limited to weaving, processing, cutting and sewing of home textiles products) from its manufacturing plant situated at Valsad, Gujarat ('Home Textiles Business'). The equity shares of GHCL are listed on both NSE and BSE. GHCL holds 100% equity stake in GHCL Textiles Limited.

The equity shareholding pattern of GHCL as at 30 September 2021 is set out below:

| Category of shareholder | Number of equity shares (Face Value of INR 10 each) | Percentage % |
|-----------------------------|--------------------------------------------------------|-----------------|
| Promoter and Promoter Group | 1,81,87,810 | 19.1% |
| Public | 7,71,62,976 | 80.9% |
| Total | 9,53,50,786 | 100.0% |



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000361/2021



2. TRANSACTION OVERVIEW AND SCOPE OF SERVICES**Transaction Overview**

We understand that the Management of the Transacting Companies are contemplating a scheme of arrangement, wherein they intend to demerge the 'Spinning Business' of GHCL into its wholly owned subsidiary i.e. GHCL Textiles in accordance with the provisions of Sections 230 to 232 including section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and in a manner provided in the draft scheme of arrangement (hereinafter referred to as 'the Scheme'). Further, we understand that as a part of the Scheme, the outstanding issued and paid up share capital of GHCL Textiles ('Pre Demerger Equity Share Capital') entirely held by GHCL would be cancelled by way of capital reduction.

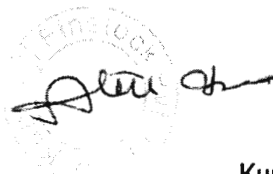
As a consideration for the Proposed Demerger, equity shareholders of GHCL would be issued equity shares of GHCL Textiles. The equity shares to be issued for the aforesaid proposed demerger will be based on the share entitlement ratio as determined by the Board of Directors based on the share entitlement ratio report prepared by Independent Valuer appointed by them.

Scope of Services

Pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 or SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, as amended from time to time, we have been requested by the Management to issue a fairness opinion in relation to the share entitlement ratio recommended by Independent Valuer vide report dated 06 December 2021 for the proposed demerger of Spinning Business of GHCL (Demerged Company) into GHCL Textiles (Resulting Company).

In this regard, the Management has appointed Kunvarji Finstock Private Limited ("Kunvarji" or "We" or "us"), SEBI Registered (Category I) Merchant Banker to provide fairness opinion on the share entitlement ratio recommended by an Independent Valuer as at Valuation Date for the Proposed Demerger.

Our scope of work only includes forming an opinion on the fairness of the recommendation of the Valuer on the share entitlement ratio arrived at for the purpose of Scheme and does not involve evaluating or opining on the fairness or economic rationale of the Scheme per se. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.



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CIN - U65910GJ1986PTC008979

000363/2021

3. SOURCES OF INFORMATION

We have relied on the following information made available to us by the Management of the Transacting Companies for the purpose of this report:

- Signed share entitlement ratio report issued and prepared by Niranjan Kumar, Registered Valuer- Securities or Financial Assets dated 06 December 2021;
- Memorandum and Articles of Association of GHCL Textiles and GHCL;
- Shareholding Pattern of GHCL and GHCL Textiles as at 30 September 2021;
- Draft Scheme of Arrangement between GHCL Textiles and GHCL and their respective shareholders & creditors, under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act 2013;
- Such other information and explanations as required and which have been provided by the Management of the Companies, which were considered relevant for the purpose of Fairness Opinion.

The Management have been provided with the opportunity to review the draft fairness opinion report (excluding our fairness opinion on the share entitlement ratio) as part of our standard practice to make sure that factual inaccuracy/ omissions are avoided.

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CIN - U65910GJ1986PTC008979

000331/2021

4. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

The fairness opinion contained herein is not intended to represent fairness opinion at any time other than report date. We have no obligation to update this report.

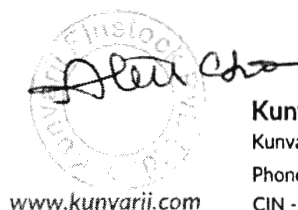
This Report, its contents and the results herein are specific to (i) the purpose of fairness opinion agreed as per the terms of our engagement; (ii) the Report Date; (iii) the shareholding pattern of Transacting Companies as at 30 September 2021; (iv) proposed capital reduction of all the outstanding issued and paid up share capital of GHCL Textiles; and (v) draft scheme of arrangement.

A fairness opinion of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The fairness opinion rendered in this Report only represent our opinion based upon information furnished by the Companies and gathered from public domain (and analysis thereon) and the said opinion shall be considered to be in the nature of non-binding advice. Our fairness opinion should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

We have not independently audited or otherwise verified the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Transacting Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the information given by/on behalf of the Transacting Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our fairness opinion.

It is understood that this opinion is solely for the benefit of confidential use by the Board of Directors of the Transferee Company and the Transferor Company for the purpose of facilitating companies to comply with Regulation 37 of the SEBI (Listing Obligations and Disclosure



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000332/2021



Requirements) Regulations, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 or SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, as amended from time; disclosures to be made to relevant regulatory authorities including stock exchanges, SEBI, National Company Law Tribunal or as required under applicable law and it shall not be valid for any other purpose. This opinion is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations, and that the Companies will be managed in a competent and responsible manner. Further, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not represented to us by the Management.

The report does not address the relative merits of the proposed demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The fee for the engagement is not contingent upon the results reported.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Transacting Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed scheme of demerger, without our prior written consent.

In addition, this report does not in any manner address the prices at which equity shares of GHCL will trade following announcement of the proposed demerger and we express no opinion or recommendation as to how the shareholders of either company should vote at any shareholders' meeting(s) to be held in connection with the proposed demerger.



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KUNVARJI FINSTOCK PVT. LTD.

Kunvarji Finstock Pvt. Ltd.

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CIN - U65910GJ1986PTC008979
000356/2021

GHCL TEXTILES LIMITED

5. OUR RECOMMENDATION

As stated in the Share Entitlement Ratio Report prepared by Niranjn Kumar, Registered Valuer-Securities or Financial Assets, they have recommended the following:

"1 (One) equity share of GHCL Textiles of face value of INR 2 each fully paid up shall be issued for every 1 (One) equity share held in GHCL having face value of INR 10 each fully paid up"

The aforesaid demerger shall be pursuant to the draft scheme of arrangement and shall be subject to receipt of approval from the National Company Law Tribunal or such other competent authority as may be applicable and other statutory approvals as may be required. The detailed terms and conditions of the demerger are more fully set forth in the draft scheme of arrangement. Kunvarji has issued the fairness opinion with the understanding that draft scheme of arrangement shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final scheme of arrangement alters the Proposed Transaction.

Based on the information, data made available to us, to the best of our knowledge and belief, the Share Entitlement Ratio as recommended by Niranjn Kumar, Registered Valuer- Securities or Financial Assets in relation to the proposed draft scheme of arrangement is fair to the equity shareholders of GHCL in our opinion.

For, Kunvarji Finstock Private Limited



Mr. Atul Chokshi
Director (DIN: 00929553)



Date: 06 December 2021

Place: Ahmedabad



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Kunvarji Finstock Pvt. Ltd.

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000357/2021

DCS/AMAL/TL/R37/2247/2021-22

"E-Letter"

March 03, 2022

The Company Secretary,
GHCL LTD.
 GHCL House, Opp Punjabi Hall, Near
 Navrangpura Bus Stand, Navrangpura,
 Ahmedabad, Gujarat, 380009

Dear Sir,

Sub: Observation letter regarding the Scheme of Arrangement between GHCL Limited and GHCL Textiles Limited and their respective Shareholders and Creditors

We are in receipt of the Draft Scheme of Arrangement of GHCL Limited as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated March 03, 2022 has inter alia given the following comment(s) on the draft scheme of Arrangement:

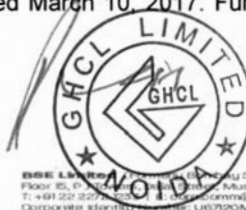
- "Company shall ensure that additional information or undertakings, if any, submitted by the Company, after filing the scheme with the stock exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- "Company shall duly comply with various provisions of the said Circular."
- "Company shall ensure compliance with the SEBI Circular dated January 03, 2022."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the Company obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the Company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the Company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/representations."

Accordingly, based on aforesaid comment offered by SEBI, the Company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose Information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

However, the listing of equity shares of GHCL Textiles Limited shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular. No. CFD/DIL3/CIR/2017/21 dated March 10, 2017. Further, GHCL Textiles Limited shall comply with



BSE Limited (Listing) Stock Exchange Ltd.
 Floor 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange.

The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of shares of GHCL Textiles Limited is at the discretion of the Exchange. In addition to the above, the listing of GHCL Textiles Limited pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about GHCL Textiles Limited in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the company is also advised to make the same available to the public through its website.
2. To publish an advertisement in the newspapers containing all GHCL Textiles Limited in line with the details required as per the aforesaid SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.
3. To disclose all the material information about GHCL Textiles Limited on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provisions shall be incorporated in the scheme:
 - i. The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."
 - ii. "There shall be no change in the shareholding pattern of GHCL Textiles Limited between the record date and the listing which may affect the status of this approval."

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 in your application for approval of the scheme of Arrangement.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the **validity of this Observation Letter shall be Six Months from the date of this Letter**, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Byelaws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, would be accepted and processed through the Listing Centre only and no physical filings would be accepted. You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,
Sd/-

Prasad Bhide
Manager



National Stock Exchange Of India Limited

Ref: NSE/LIST/29482_II

March 03, 2022

The Company Secretary
GHCL Limited
GHCL House, Opp. Punjabi Hall,
Near Navrangpura Bus Stand,
Navrangpura, Ahmedabad - 380009.

Kind Attn.: Mr. Bhuwleshwar Mishra

Dear Sir,

Sub: Observation Letter for draft Scheme of Arrangement between GHCL Limited (“Demerged Company”) and GHCL Textiles Limited (“Resulting Company”) and their respective shareholders and creditors.

We are in receipt of draft Scheme of Arrangement between GHCL Limited (“Demerged Company”) and GHCL Textiles Limited (“Resulting Company”) and their respective shareholders and creditors vide application dated December 23, 2021.

Based on our letter reference no. NSE/LIST/29482 dated February 11, 2021 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (“Circular”), kindly find following comments on the draft scheme:

- a. *Company shall ensure that additional information, if any, submitted by the Company after filing the Scheme with the Stock Exchanges, from the date of receipt of this letter is displayed on the websites of the listed company and the Stock Exchanges.*
- b. *Company shall duly comply with various provisions of the said Circular.*
- c. *Company shall ensure compliance with the SEBI Circular dated January 03, 2022.*
- d. *Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Corporate Law Tribunal (‘NCLT’) and the company is obliged to bring the observations to the notice of NCLT.*
- e. *It is to be noted that the petitions are filed by the Company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/Stock Exchanges. Hence, the company is not required to send notice for representation as mandated under Section 230(5) of Companies Act, 2013 to SEBI again for its comments/ observations/ representations.*

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/representations.



Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the Circular.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

The Company should also fulfil the Exchange’s criteria for listing of such company and also comply with other applicable statutory requirements. However, the listing of shares of GHCL Textiles Limited is at the discretion of the Exchange.

The listing of GHCL Textiles Limited pursuant to the Scheme of Arrangement shall be subject to SEBI approval & Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about GHCL Textiles Limited and its group companies in line with the disclosure requirements applicable for public issues with National Stock Exchange of India Limited (“NSE”) for making the same available to the public through website of the companies. The following lines must be inserted as a disclaimer clause in the Information Memorandum:

“The approval given by the NSE should not in any manner be deemed or construed that the Scheme has been approved by NSE; and/ or NSE does not in any manner warrant, certify or endorse the correctness or completeness of the details provided for the unlisted Company; does not in any manner take any responsibility for the financial or other soundness of the Resulting Company, its promoters, its management etc.”

2. To publish an advertisement in the newspapers containing all the information about GHCL Textiles Limited in line with the details required as per SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as NSE.
3. To disclose all the material information about GHCL Textiles Limited to NSE on the continuous basis so as to make the same public, in addition to the requirements, if any, specified in SEBI (LODR) Regulations, 2015 for disclosures about the subsidiaries.
4. The following provision shall be incorporated in the scheme:
 - (a) “The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.”



GHCL Limited

February 11, 2022

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,

Ref: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Scheme of Arrangement between GHCL Limited ('Demerged Company') and GHCL Textiles Limited ('Resulting Company')

Subject: Report on Complaints in terms of Para 6 of Part I (A) of Annexure II to the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 in respect of the Scheme uploaded on stock exchange website on January 20, 2022

This is in reference to our application dated December 24, 2021 under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the proposed Scheme of Arrangement between GHCL Limited and GHCL Textiles Limited and their respective shareholders and creditors under Section 230-232 and other applicable provisions of the Companies Act, 2013 ('Scheme').

As per Para 6 of Part I (A) of Annexure II of the SEBI Circular dated November 23, 2021, the Company is required to submit a "Report on Complaints" containing the details of complaints/comments received by the Company on the draft Scheme, within 7 days of expiry of 21 days from the date of filing of the Scheme with the Exchanges and hosting of the same on its website.

The Scheme and other relevant documents were hosted by BSE on its website on January 20, 2022. In this connection, please find enclosed herewith the Complaints report as on February 11, 2022 for your kind perusal in the format specified in the SEBI Circular.

You are requested to kindly take the same on your record and provide us necessary "No Objection" at the earliest to enable us to file the Scheme of Arrangement with Hon'ble National Company Law Tribunal.

Thanking You,

Yours Faithfully,

For GHCL Limited

Bhuneshwar Mishra
Sr. GM-Sustainability & Company Secretary

Place: Noida

Encl: Report on Complaints



Report on Complaints

Part A

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


NA: Not Applicable

Part B

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

NA: Not Applicable

For GHCL Limited



Bhuwleshwar Mishra
Sr. GM-Sustainability & Company Secretary

Date: February 11, 2022

Place: Noida



February 15, 2022

To,

National Stock Exchange of India Ltd.
'Exchange Plaza', C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400051
NSE Code: GHCL

Dear Sir / Madam,

Ref: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Scheme of Arrangement between GHCL Limited ('Demerged Company') and GHCL Textiles Limited ('Resulting Company')

Subject: Report on Complaints in terms of Para 6 of Part I (A) of Annexure II to the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 in respect of the Scheme uploaded on stock exchange website on January 24, 2022

This is in reference to our application dated December 23, 2021 under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the proposed Scheme of Arrangement between GHCL Limited and GHCL Textiles Limited and their respective shareholders and creditors under Section 230-232 and other applicable provisions of the Companies Act, 2013 ('Scheme').

As per Para 6 of Part I (A) of Annexure II of the SEBI Circular dated November 23, 2021, the Company is required to submit a "Report on Complaints" containing the details of complaints/comments received by the Company on the draft Scheme, within 7 days of expiry of 21 days from the date of filing of the Scheme with the Exchanges and hosting of the same on its website.

The Scheme and other relevant documents were hosted by NSE on its website on January 24, 2022. In this connection, please find enclosed herewith the Complaints report as on February 15, 2022 for your-kind perusal in the format specified in the SEBI Circular.

You are requested to kindly take the same on your record and provide us necessary "No Objection" at the earliest to enable us to file the Scheme of Arrangement with Hon'ble National Company Law Tribunal.

Thanking You,

Yours Faithfully,

For GHCL Limited

Bhuvneshwar Mishra

Sr. GM-Sustainability & Company Secretary

Place: Noida

Encl: Report on Complaints



Report on Complaints

Part A

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

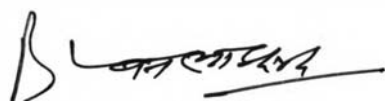
NA: Not Applicable

Part B

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

NA: Not Applicable

For GHCL Limited

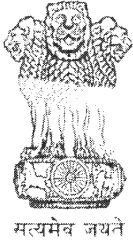


Bhuwleshwar Mishra
Sr. GM-Sustainability & Company Secretary



Date: February 15, 2022

Place: Noida



भारतीय प्रतिस्पर्धा आयोग
COMPETITION COMMISSION OF INDIA

By e-mail and /speed post

Comb. Reg. No. C-2022/02/910

24th March, 2022

To,

Mr. Bhwneshwar Mishra
Sr. GM-Sustainability & Company Secretary
GHCL Limited
"GHCL House", B-38, Institutional Area, Sector-1
Noida – 201301 (U.P.)
Email: bmishra@ghcl.co.in

Subject: Notice filed under sub-section (2) of Section 6 of the Competition Act, 2002 (bearing registration No. C-2022/02/910) filed by GHCL Limited

In the instant case, the Commission has passed an Order dated 15th March, 2022. A certified copy of the Order is enclosed herewith.

2. Please acknowledge the receipt.

Pooja / Alish
Secretary (Dc) 24/03/22

Encl: As above





COMPETITION COMMISSION OF INDIA



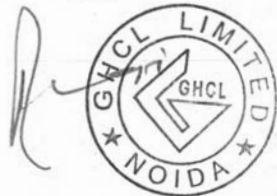
Fair Competition
For Greater Good

15.03.2022

Notice filed by GHCL Limited bearing Combination Registration Number C-2022/02/910

Order

1. On 25.02.2022, the Competition Commission of India (Commission) received a notice regarding the proposed Scheme of Arrangement between GHCL Limited (GHCL/Demerged Company) and GHCL Textiles Limited (GHCL Textiles/Resulting Company) filed by GHCL.
2. It is mentioned in the notice that the proposed transaction relates to the demerger of Spinning Business Division of GHCL into GHCL Textiles pursuant to the Scheme of Arrangement, approved by the Board of Directors of the Demerged Company and Resulting Company on 06.12.2021 (Proposed Transaction).
3. Further, it is mentioned that pursuant to the Proposed Transaction, GHCL will retain its chemicals and consumer products business division, and the Resulting Company will be engaged in the demerged Spinning Business Division. The shareholders of GHCL will receive shares in the Resulting Company basis swap ratio of 1: 1 resulting in mirror shareholding pattern of the GHCL and the Resulting Company. The Resulting Company will then not remain a subsidiary of GHCL post the Proposed Transaction, as the pre-demerger capital held by GHCL in the Resulting Company will get cancelled as part of the Scheme.
4. The Parties' have submitted in the Notice that the Proposed Transaction meets the thresholds prescribed under Section 5(a)(i)(A) of the Competition Act, 2002 (Act), read with applicable notifications, whereby the Parties have to notify the Proposed Transaction to the Commission if the value of the combined assets of the Parties to the acquisition exceeds Rs. 2,000 crores in India or the combined turnover of Parties to the acquisition exceeds Rs. 6,000 crores in India.





COMPETITION COMMISSION OF INDIA
Combination Case No: C-2022/02/910



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5. The details of assets and turnover for the relevant year i.e. year ended 31.03.2021 as provided in the Notice are given below:

Table 1: Asset and Turnover for the year ended 31.03.2021

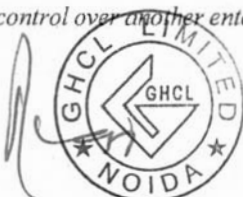
| Name of the Parties | Assets (as on 31-Mar-2021) | | | Turnover (for FY 2020-21) | | |
|------------------------------------------------|----------------------------|-------------------|-------------|---------------------------|-------------------|-------------|
| | In India | Worldwide | | In India | Worldwide | |
| | (INR crore) | (including India) | | (INR crore) | (including India) | |
| | | USD* (million) | INR (crore) | | USD* (million) | INR (crore) |
| GHCL Limited | 3,991.33 | 543.38 | 3,977.86 | 2,823.09 | 396.15 | 2,900.09 |
| Spinning Business Division (Demerged Division) | 979.48 | 133.80 | 979.48 | 609.22 | 83.22 | 609.22 |
| Grace Home Fashions LLC | - | 5.78 | 42.33 | - | 14.38 | 105.28 |
| Dan River Properties LLC | - | 1.17 | 8.56 | - | 0.06 | 0.41 |
| GHCL Textiles Limited | 0.01 | 0.00 | 0.01 | - | - | - |

Source: Notice

6. In terms of Section 5 of the Act, the acquisition of one or more enterprises by one or more persons or merger or amalgamation of enterprises shall be a combination of such enterprises and persons or enterprises, if the combining parties exceed the thresholds specified in the Act in terms of assets or turnover in India and abroad.
7. Further, the Notification no. S.O. 988(E) dated 27.03.2017 issued by the Ministry of Corporate Affairs provides that —

“In exercise of the powers conferred by clause (a) of section 54 of the Competition Act, 2002 (12 of 2003), the Central Government, in public interest, hereby exempts the enterprises being parties to — (a) any acquisition referred to in clause (a) of section 5 of the Competition Act;

(b) acquiring of control by a person over an enterprise when such person has direct or indirect control over another enterprise engaged in production, distribution





COMPETITION COMMISSION OF INDIA
Combination Case No: C-2022/02/910



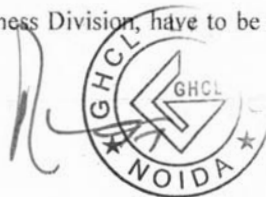
or trading of a similar or identical or substitutable goods or provision of a similar or identical or substitutable service, referred to in clause (b) of section 5 of the Competition Act; and

(c) any merger or amalgamation, referred to in clause (c) of section 5 of the Competition Act,

where the value of assets being acquired, taken control of, merged or amalgamated is not more than rupees three hundred and fifty crores in India or turnover of not more than rupees one thousand crores in India, from the provisions of section 5 of the said Act for a period of five years from the date of publication of this notification in the official gazette.

Where a portion of an enterprise or division or business is being acquired, taken control of, merged or amalgamated with another enterprise, the value of assets of the said portion or division or business and or attributable to it, shall be the relevant assets and turnover to be taken into account for the purpose of calculating the thresholds under section 5 of the Act. The value of the said portion or division or business shall be determined by taking the book value of the assets as shown, in the audited books of accounts of the enterprise or as per statutory auditor's report where the financial statement have not yet become due to be filed, in the financial year immediately preceding the financial year in which the date of the proposed combination falls, as reduced by any depreciation, and the value of assets shall include the brand value, value of goodwill, or value of copyright, patent, permitted use, collective mark, registered proprietor, registered trade mark, registered user, homonymous geographical indication, geographical indications, design or layout design or similar other commercial rights, if any, referred to in sub-section (5) of section 3. The turnover of the said portion or division or business shall be as certified by the statutory auditor on the basis of the last available audited accounts of the company." (Target Exemption notification)

8. Based on the information provided in the Notice, it is noted that in the instant case only a portion of an enterprise i.e., the Spinning Business Division, is being acquired. Therefore, in terms of the Target Exemption notification only the asset and turnover of the the Spinning Business Division, have to be taken into consideration. Further,





COMPETITION COMMISSION OF INDIA
Combination Case No: C-2022/02/910



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For Greater Good

respect to the asset and turnover of the said Division, it is noted that though its assets for FY 2020-21 exceed the threshold of Target Exemption notification i.e., INR 350 crores, its turnover is only INR 609.22 crore i.e., below the threshold of Target Exemption notification (i.e., INR 1,000 crores). Accordingly, the Proposed Transaction appears to get the benefit of Target Exemption notification and, hence, is not a notifiable transaction.

9. The Secretary is directed to communicate the decision of the Commission to the GHCL, accordingly.

Sd/-
Member (SV)

Sd/-
Member (BSB)

Sd/-
Chairperson



Certified True Copy

24/3/2022

अनिल कुमार वशिष्ठ/Anil Kumar Vashisht
सहायक निदेशक/Asstt. Director
भारतीय प्रतिस्पर्धा आयोग
Competition Commission of India
नई दिल्ली/New Delhi



Independent Auditor's Report

To the Members of **GHCL Limited**

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **GHCL Limited** (the Company), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements' section of our report. We are

independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Discontinued Operations and Asset held for sale in relation to Transfer of Home Textile Business and certain identified assets of wholly owned subsidiary <<Refer Note 45>>

During the current year, the Company has entered into a Business Transfer Agreement (BTA) for the sale of its Home Textiles Business (located at Vapi, Gujarat) ('HT Business') to Indo Count Industries Limited ('ICIL') as a going concern, on a slump sale basis. In addition, Grace Home Fashions LLP ('GHF'), a wholly owned subsidiary of the Company also entered into an Asset Transfer Agreement (ATA) for transfer of its identified assets (i.e., inventory and intellectual property) to Indo Count Global Inc., USA (US subsidiary of ICIL).

Our audit procedures included the following:-

- Obtained an understanding and assessed the effectiveness of process followed by the management in assessing the appropriateness of the Company's accounting policies in relation to discontinued operations;
- Evaluated the basis of the management's assessment of treating the transfer of Home textile business and identified assets of GHF as Discontinued operations in accordance with the applicable accounting standards;





Discontinued Operations and Asset held for sale in relation to Transfer of Home Textile Business and certain identified assets of wholly owned subsidiary <<Refer Note 45>>

As at March 31, 2022, the Company has presented the operations of its Home Textile Business and GHF as "Discontinued Operations" and its related assets as "Assets held for sale" and liabilities as "Liabilities directly associated with the assets held for sale" in accordance with Ind AS 105 (Non-current Assets held for Sale and Discontinued Operations).

Accounting for discontinued operations requires judgment and estimates to identify and separate the financial effects from continuing and discontinued operations. Accordingly, this matter has been determined to be a key audit matter in our audit of the standalone financial statements

- Obtained and read the Business Transfer Agreement and Asset Transfer Agreement for understanding the impact on the standalone Ind AS financial statements including identification of the assets and liabilities to be transferred and assessment of the key estimates and judgement involved therein;
- Performed procedures on the disclosures relating to discontinued operations made in the standalone Ind AS financial statements for assessing the compliance with disclosure requirements

We have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report 2021-22, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted

in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAS



will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors





is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 35 to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 48 to the standalone Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide

any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 48 to the standalone Ind AS financial statements, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. As stated in note 15 to the standalone Ind AS financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number:301003E/E300005

perAtul Seksaria

Partner

Place of Signature: New Delhi

Membership Number: 086370

Date: April 30, 2022

UDIN: 22086370AIFHU19928

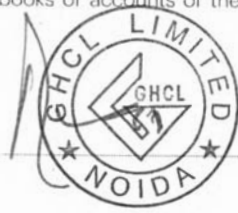


ANNEXURE 1

referred in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: GHCL Limited ("the company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant & equipment have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at 31st March, 2022 and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such confirmations. Discrepancies of 10% or more in aggregate for each class of inventory have been properly dealt with in the books of account.
- (b) As disclosed in note 16B to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. The balance outstanding as at balance sheet date in respect of the loans provided and guarantee given in earlier years is Rs. 0.66 Crores and Rs. 3.00 Crores respectively."
- (b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.
- (c) The Company has granted loan to a subsidiary covered in the register maintained under section 189 of the Companies Act 2013. The schedule of repayment of principal has been stipulated for the loans granted and the repayment are regular.
- (d) There are no amount of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (e) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(ii)(d) of the Order is not applicable to the Company.
- (f) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (g) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to [companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of





the Companies Act 2013 in respect of loans and advances given, investments made, guarantees, and securities given have been complied with by the company.

- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Soda Ash and Textile products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance,

income-tax, duty of custom, goods and service tax, cess and other statutory dues applicable to it. The provisions related to sales tax, service tax, duty of excise and value added taxes are not applicable to the Company.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions related to sales tax, service tax, duty of excise and value added taxes are not applicable to the Company.
- (c) According to the records of the company, the dues outstanding of employees' state insurance, income-tax, sales-tax, duty of custom, duty of excise, goods and service tax, cess and other statutory dues, on account of any dispute are as follows:

| Name of the Statut | Nature of Dues | Demand raised (Amount in ₹ Crore) | Pre - Deposit (Amount in ₹ Crore) | Period to which the amount relates | Forum where dispute is pending |
|--------------------------|------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Customs Act, 1962 | Differential duty on account of classification under different chapters of CETA | 6.78 | 0.27 | F .Y. 2012-13, 2014-15 | Customs, Excise and Service tax Appellate Tribunal, Chennai & Customs, Excise and Service tax Appellate Tribunal, Ahmedabad |
| | Denial of Import Eligibility | 0.59 | 0.04 | F .Y 2015-16 | Principal Commissioners Customs- (Chennai-III) |
| | Denial of service tax credit on ineligible services | 0.11 | 0.10 | F .Y 2004-2005 | Dy. Commissioner, Junagadh |
| Central Excise Act, 1944 | Denial of CENVAT Credit & Non Payment of Service Tax & Excise Duty, Demand of excise duty on Fly Ash & Trading Materia | 68.47 | 4.94 | F.Y. 2008-09 to F.Y. 2016-17 | Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad |



| Name of the Statut | Nature of Dues | Demand raised (Amount in ₹ Crore) | Pre - Deposit (Amount in ₹ Crore) | Period to which the amount relates | Forum where dispute is pending |
|------------------------------------------|---------------------------------------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|-----------------------------------------------------------|
| | Denial of service tax credit on foreign services | 1.29 | 0.10 | F.Y 2005-2006 | Customs, Excise and Service Tax Appellate Tribunal, Delhi |
| | Denial of CENVAT credit on capital goods and others | 0.3 | - | F.Y 2001-2002 | Hon'ble High Court, Chennai |
| | Short reversal of CENVAT credit on goods under duty drawback scheme | 0.59 | 0.06 | F.Y 2008-2009 | CESTAT Ahmedabad (Appeal) |
| The Employee's State Insurance Act, 1948 | Contribution Demand | 0.03 | - | F.Y 1989-2002 | ESI Court, Madurai |
| | Contribution Demand | 0.01 | - | F.Y 1985 1986 | Hon'ble Supreme Court of India |
| | Disallowance for claim u/s 80-IA, Section 14A and others | 3.63 | - | F.Y 2015-2016 | Joint Comm, Ahmedabad |
| Income Tax Act | Disallowance of Transfer Pricing Adjustment | 3.95 | - | F.Y. 2016-17 | National Faceless Appeal Centre (NFAC) |
| | Disallowance of Transfer Pricing Adjustment | 5.21 | - | F.Y. 2017-18 | National Faceless Appeal Centre (NFAC) |
| | | 0.02 | - | F.Y. 2002-2003 | VAT Tribunal, Ahmedabad |
| Gujarat Sales Tax Act, 1969 | Disallowance of Set off of Sales Tax | 0.02 | - | F.Y. 2003-2004 | Joint Comm. (Audit), Ahmedabad |

According to the information and explanations given to us, there are no dues of Provident Fund, value added tax, goods and service tax and cess which have not been deposited on account of any dispute.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to





- meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company
- (xi) (a) No fraud/ material fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) (a) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.
- (b) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period underaudit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-1A of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 48 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting



is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 28 to the financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 28 to the financial statements

(xxi) There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxii) of the Order is not applicable to the Holding Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number:301003E/E300005

per Atul Seksaria

Partner

Place of Signature: New Delhi

Date: April 30, 2022

Membership Number: 086370

UDIN: 22086370AIEH IUI9928



ANNEXURE 2

to the independent auditor's report of even date on the Standalone Financial statements of GHCL Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of GHCL Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including



the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with

reference to standalone financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number:301003E/E300005

per Atul Seksaria

Partner

Place of Signature: New Delhi

Date: April 30, 2022

Membership Number: 086370

UDIN: 22086370AIEI IU19928





Standalone Balance Sheet

as at March 31, 2022

(INR in crores)

| Particulars | Note No. | As at March 31, 2022 | As at March 31, 2021 |
|--------------------------------------------------------------------------------------------|----------|-------------------------|-------------------------|
| I. Assets | | | |
| (1) Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 2,454.53 | 2,656.62 |
| (b) Capital work-in-progress | 3 | 212.98 | 80.54 |
| (c) Intangible assets | 4 | 2.61 | 6.05 |
| (d) Right-of-use assets | 34 | 11.54 | 12.16 |
| (e) Financial assets | | | |
| (i) Investments | 5 | 16.56 | 40.13 |
| (ii) Other non-current financial assets | 6 | 21.67 | 19.24 |
| (f) Other non-current assets | 7 | 90.35 | 66.57 |
| Total Non-Current Assets | | 2,810.24 | 2,881.31 |
| (2) Current assets | | | |
| (a) Inventories | 8 | 941.95 | 740.48 |
| (b) Financial assets | | | |
| (i) Trade receivables | 9 | 273.66 | 250.66 |
| (ii) Cash and cash equivalents | 10A | 230.10 | 32.65 |
| (iii) Bank balances other than cash and cash equivalents | 10B | 11.65 | 13.66 |
| (iv) Loans | 11A | 8.20 | 9.43 |
| (v) Derivative instruments | 11B | - | 4.14 |
| (vi) Other current financial asset | 11C | 5.95 | 12.58 |
| (c) Current tax assets (net) | 12 | - | 9.73 |
| (d) Other current assets | 13 | 133.28 | 34.35 |
| Total Current Assets | | 1,604.79 | 1,107.68 |
| Assets held for sale | 47 | 576.26 | 2.34 |
| Total assets | | 4,991.29 | 3,991.33 |
| II. Equity and liabilities | | | |
| Equity | | | |
| (a) Equity share capital | 14 | 95.35 | 95.01 |
| (b) Other equity | 15 | 2,994.90 | 2,406.81 |
| Total Equity | | 3,090.25 | 2,501.82 |
| Liabilities | | | |
| (1) Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16A | 424.60 | 563.82 |
| (ii) Lease liabilities | 34 | 12.99 | 13.33 |
| (b) Provisions | 17A | 7.62 | 3.02 |
| (c) Other non-current liabilities | 17C | - | 0.70 |
| (d) Deferred tax liabilities (net) | 12 | 269.57 | 260.16 |
| Total Non-Current Liabilities | | 714.78 | 841.03 |
| (2) Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16B | 342.85 | 204.28 |
| (ii) Lease liabilities | 34 | 1.11 | 0.68 |
| (iii) Trade payables | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | 18 | 41.67 | 23.43 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 18 | 300.13 | 352.09 |
| (iv) Derivative instruments | 19A | 1.46 | - |
| (v) Other financial liabilities | 19B | 339.41 | 34.86 |
| (b) Provisions | 17B | 11.47 | 14.36 |
| (c) Current tax liabilities (net) | 12 | 14.54 | - |
| (d) Other current liabilities | | | |
| (i) Contract liabilities | 21.2 | 7.08 | 3.91 |
| (ii) Other liabilities | 20 | 44.05 | 14.87 |
| Total Current Liabilities | | 1,103.77 | 648.48 |
| Liabilities directly associated with the assets held for sale | 47 | 82.49 | - |
| Total equity and liabilities | | 4,991.29 | 3,991.33 |

The accompanying notes are integral part of the standalone financial statements.

As per report of even date

For and on behalf of the Board of Directors of GHCL Limited

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Sanjay Dalmia

Chairman
DIN: 00206992

Manoj Vaish

Director
DIN: 00157082

per Atul Seksaria

Partner
Membership No. 086370

R. S. Jalan

Managing Director
DIN: 00121260

Raman Chopra

CFO & Executive Director-Finance
DIN: 00954190Place : New Delhi
Date: April 30, 2022Place : New Delhi
Date: April 30, 2022

Bhuvneshwar Mishra

Sr. GM- Sustainability & Company Secretary
Membership No.: FCS 5330

Standalone Statement of Profit and Loss

for the year ended March 31, 2022

(INR in crores)

| Particulars | Note No. | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------|--------------------------------------|
| Revenue from continuing operations | | | |
| Revenue from operations | 21 | 3,778.36 | 2,491.18 |
| Other income | 22 | 10.81 | 7.05 |
| Total Income | | 3,789.17 | 2,498.23 |
| Expenses from continuing operations | | | |
| Cost of raw materials consumed | 23 | 1,489.12 | 949.80 |
| Purchase of stock in trade | | 236.28 | 173.31 |
| (Increase)/ Decrease in inventories of finished goods, stock-in-trade and work-in-progress | 24 | (38.47) | 12.83 |
| Power, fuel and water | | 621.34 | 371.68 |
| Employee benefit expenses | 25 | 152.94 | 128.30 |
| Depreciation and amortization expense | 26 | 116.78 | 111.40 |
| Finance costs | 27 | 63.57 | 74.32 |
| Other expenses | 28 | 335.67 | 258.26 |
| Total expenses | | 2,977.23 | 2,079.90 |
| Profit before exceptional items and tax from continuing operations | | 811.94 | 418.33 |
| Exceptional items | 51 | 24.97 | - |
| Profit before tax from continuing operations | | 786.97 | 418.33 |
| Tax expense: | 12 | | |
| Current tax | | 204.10 | 104.85 |
| Tax adjustment of earlier years | | (0.03) | (0.93) |
| Deferred tax | | 8.43 | 7.42 |
| Total tax expense | | 212.50 | 111.34 |
| Profit for the year from continuing operations | | 574.47 | 306.99 |
| Profit before tax for the year from discontinued operations | 45 | 81.46 | 4.07 |
| Tax Expense of discontinued operations | | (21.99) | (1.08) |
| Profit for the year from discontinued operations | | 59.47 | 2.99 |
| Profit for the year | | 633.94 | 309.98 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss in subsequent years | | | |
| Re-measurement Gain/(Loss) on defined benefit plans | | 0.44 | (1.63) |
| Income tax effect | | (0.11) | 0.41 |
| Re-measurement Gain/(Loss) on investment in equity | | 1.32 | 5.95 |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent years | 29 | 1.65 | 4.73 |
| Total comprehensive income for the year, net of tax | | 635.59 | 314.71 |
| Earnings per share for continuing operations per equity share nominal value of shares INR 10 (Previous year INR 10 each) | 30 | | |
| Basic (INR) | | 60.31 | 32.31 |
| Diluted (INR) | | 60.13 | 32.23 |
| Earnings per share for discontinued operations per equity share nominal value of shares INR 10 (Previous year INR 10 each) | | | |
| Basic (INR) | | 6.24 | 0.31 |
| Diluted (INR) | | 6.22 | 0.31 |
| Earnings per share for continuing and discontinued operations per equity share nominal value of shares INR 10 (Previous year INR 10 each) | | | |
| Basic (INR) | | 66.55 | 32.62 |
| Diluted (INR) | | 66.35 | 32.54 |

The accompanying notes are Integral part of the standalone financial statements.

As per report of even date

For and on behalf of the Board of Directors of GHCL Limited

For S.R. Batliboi & Co. LLP

Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

Sanjay Dalmia

Chairman
DIN: 00206992

Manoj Vaish

Director
DIN: 00157082

per Atul Seksaria

Partner
Membership No. 086370

R. S. Jalan

Managing Director
DIN: 00121260

Raman Chopra

CFO & Executive Director-Finance
DIN: 00954190

Place : New Delhi
Date: April 30, 2022

Place : New Delhi
Date: April 30, 2022

Bhuvneshwar Mishra

Sr. GM- Sustainability & Company Secretary
Membership No.: FCS 5330



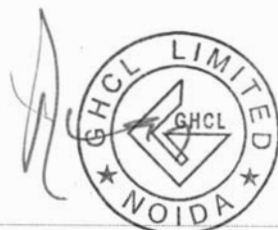


Standalone Statement of Cash Flows

for the Year ended March 31, 2022

(INR in crores)

| Particulars | For the Year ended March 31, 2022 | For the year ended March 31, 2021 |
|-----------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Operating activities | | |
| Profit before tax from continuing operations | 786.97 | 418.33 |
| Profit before tax from discontinued operations | 81.46 | 4.07 |
| Adjustments to reconcile profit before tax to net cash flows : | | |
| Depreciation and amortisation expenses | 130.54 | 133.19 |
| (Gain)/Loss on sale of investments/Provision for diminution in value of investment | 24.46 | (1.27) |
| Loss on sale/disposal of property, plant and equipment and asset held for sale | 1.58 | 8.67 |
| Interest income | (0.40) | (0.55) |
| Finance costs | 70.35 | 90.21 |
| Income from dividend | (0.05) | - |
| Employees share based payments | 0.04 | 1.56 |
| Liability no longer to be required | (12.75) | |
| Unrealised exchange Loss/(Gain) | 3.38 | (6.29) |
| Operating Profit before working capital changes | 1,085.58 | 647.92 |
| Changes in working capital | | |
| Adjustments for (Increase)/Decrease in Operating assets: | | |
| Trade receivables | (112.22) | 114.13 |
| Inventories | (383.30) | (16.21) |
| Other current financial assets | 5.36 | 14.76 |
| Other current assets | (111.40) | 6.26 |
| Non-current financial assets | (1.10) | (0.93) |
| Other non-current assets | 0.01 | (0.31) |
| Adjustments for Increase/(Decrease) in Operating liabilities: | | |
| Contract liabilities | 4.14 | (2.20) |
| Trade payables | 26.91 | (29.70) |
| Derivative instruments | 2.72 | (10.39) |
| Other Non current financial liabilities | (0.70) | 0.70 |
| Other current financial liabilities | 295.39 | 0.64 |
| Other current liabilities | 30.23 | 4.45 |
| Provisions | 2.25 | (2.36) |
| Cash generated from operations | 843.87 | 726.76 |
| Income tax paid (net) | (204.90) | (107.07) |
| Net cash generated from operating activities (A) | 638.97 | 619.69 |
| Cash flow from investing activities | | |
| Proceeds/(Payment) of Property, plant and equipment, capital work in progress and intangible assets | (345.11) | (110.49) |
| Sales/ (Purchase) of Investment (Net) | 0.43 | 1.32 |
| Interest received | 0.40 | 0.55 |
| Dividend received | 0.05 | - |
| Net cash used in investing activities (B) | (344.23) | (108.62) |



Standalone Statement of Cash Flows

for the Year ended March 31, 2022

(INR in crores)

| Particulars | For the Year ended March 31, 2022 | For the year ended March 31, 2021 |
|-----------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including premium) | 5.06 | - |
| Dividend paid | (52.00) | - |
| Dividend distribution tax paid | - | (5.86) |
| Proceeds from long-term borrowings | 100.00 | 2.46 |
| Repayment of long-term borrowings | (249.41) | (246.46) |
| Proceeds / (Repayment) from short-term borrowings | 166.71 | (227.53) |
| Payment of lease liabilities | (2.28) | (2.02) |
| Bank deposit in Margin Money | 1.72 | 0.95 |
| Investment in deposits not classified as cash and cash equivalents | (1.63) | - |
| Interest paid | (65.29) | (89.56) |
| Net cash used in financing activities (C) | (97.12) | (568.02) |
| Net (Decrease) / Increase in cash and cash equivalents (A+B+C) | 197.62 | (56.95) |
| Cash and cash equivalents at the beginning of the year | 32.65 | 89.60 |
| Cash and cash equivalents at the end of the year | 230.27 | 32.65 |
| Components of cash and cash equivalents | | |
| Cash on hand | 0.08 | 0.17 |
| Balances with banks: | | |
| - On current accounts | 16.82 | 32.49 |
| - Deposits with original maturity of less than three months | 213.37 | - |
| Total cash and cash equivalents (refer note 10A) | 230.27 | 32.65 |

Notes:

- The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

The accompanying notes are integral part of the standalone financial statements.

As per report of even date

For and on behalf of the Board of Directors of GHCL Limited**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Sanjay Dalmia

Chairman

DIN: 00206992

Manoj Vaish

Director

DIN: 00157082

per Atul Seksaria

Partner

Membership No. 086370

R. S. Jalan

Managing Director

DIN: 00121260

Raman Chopra

CFO & Executive Director-Finance

DIN: 00954190

Place : New Delhi

Date: April 30, 2022

Place : New Delhi

Date: April 30, 2022

Bhwneshwar Mishra

Sr. GM- Sustainability &

Company Secretary

Membership No.: FCS 5330



Independent Auditor's Report

To the Members of **GHCL Limited**

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of **GHCL Limited** (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in

the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group, in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



**Discontinued Operations and Asset held for sale in relation to Transfer of Home Textile Business and certain identified assets of wholly owned subsidiary <<Refer Note 47>>**

During the current year, the Holding Company has entered into a Business Transfer Agreement (BTA) for the sale of its Home Textiles Business (located at Vapi, Gujarat) ('HT Business') to Indo Count Industries Limited ('ICIL') as a going concern, on a slump sale basis. In addition, Grace Home Fashions LLP ('GHF'), a wholly owned subsidiary of the Company also entered into an Asset Transfer Agreement (ATA) for transfer of its identified assets (i.e., inventory and intellectual property) to Indo Count Global Inc., USA (US subsidiary of ICIL).

As at March 31, 2022, the Group has presented the operations of its Home Textile Business and GHF as "Discontinued Operations" and its related assets as "Assets held for sale" and liabilities as "Liabilities directly associated with the assets held for sale" in accordance with Ind AS 105 (Non-current Assets held for Sale and Discontinued Operations). Accounting for discontinued operations requires

Adjustment and estimates to identify and separate the financial effects from continuing and discontinued operations. Accordingly, this matter has been determined to be a key audit matter in our audit of the consolidated Ind AS financial statements

Our audit procedures included the following:-

- Obtained an understanding and assessed the effectiveness of process followed by the management in assessing the appropriateness of the Group's accounting policies in relation to discontinued operations;
- Evaluated the basis of the management's assessment of treating the transfer of Home textile business and identified assets of GHF as Discontinued operations in accordance with the applicable accounting standards;
- Obtained and read the Business Transfer Agreement and Asset Transfer Agreement for understanding the impact on the consolidated Ind AS financial statements including identification of the assets and liabilities to be transferred and assessment of the key estimates and judgement involved therein;
- Performed procedures on the disclosures relating to discontinued operations made in the consolidated Ind AS financial statements for assessing the compliance with disclosure requirements

We have determined that there are no other key audit matters to communicate in our report.

"Information Other than the Financial Statements and Auditor's Report Thereon"

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the



consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group of the company.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of two subsidiaries, whose Ind AS financial statements include total assets of Rs 58.50 crores as at March 31, 2022, and total revenues of Rs 76.90 crores and net cash inflows of Rs 1116 crores for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
- As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
 - In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
 - With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;
- In our opinion the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given



to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial

Information of the subsidiaries as noted in the 'Other matter' paragraph:

- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated financial statements – Refer Note 35 to the consolidated Ind AS financial statements;
- ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2022; There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.
- iii. The respective managements of the Holding Company and one of its subsidiary which is company incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, other than as disclosed in the note 49 to the consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or its subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; The respective managements of the Holding Company and one of its subsidiary which is company incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, other than as disclosed in the note 49 to the consolidated Ind AS financial statements, no funds have been

received by the respective Holding Company or its subsidiary from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- iv) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of its subsidiary which is company incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v) The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 15 to the consolidated Ind AS financial statements, the respective Board of Directors of the Holding Company, has proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The amount of dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number:301003F/F300005

perAtul Seksaria

Partner

Place of Signature: New Delhi

Membership Number: 086370

Date : April 30, 2022

UDIN:22086370AIF IC18463



Annexure 1

to the independent auditor's report of even date on the Consolidated Financial Statements of GHCL Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of GHCL Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its one of the subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated

effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including

the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with

reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number:301003F/F300005

per Atul Seksaria

Partner

Place of Signature: New Delhi

Date : April 30, 2022

Membership Number: 086370

UDIN:22086370AIFICJ8463





Consolidated Balance Sheet

as at March 31, 2022

₹ in Crores)

| Particulars | Note No. | As at | |
|--------------------------------------------------------------------------------------------|----------|-----------------|-----------------|
| | | March 31, 2022 | March 31, 2021 |
| I. Assets | | | |
| (1) Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 2,454.53 | 2,657.09 |
| (b) Capital work-in-progress | 3 | 212.98 | 80.54 |
| (c) Intangible assets | 4 | 2.61 | 6.05 |
| (d) Right-of-use assets | 34 | 17.09 | 12.16 |
| (e) Financial assets | | | |
| (i) Investments | 5 | 16.55 | 15.15 |
| (ii) Loans | 6A | 7.88 | - |
| (iii) Other non-current financial assets | 6B | 22.07 | 19.62 |
| (f) Other non-current assets | 7 | 90.35 | 66.57 |
| Total Non-Current Assets | | 2824.06 | 2,857.18 |
| (2) Current assets | | | |
| (a) Inventories | 8 | 944.23 | 763.50 |
| (b) Financial assets | | | |
| (i) Trade receivables | 9 | 229.44 | 228.36 |
| (ii) Cash and cash equivalents | 10A | 243.58 | 34.97 |
| (iii) Bank balances other than cash and cash equivalents | 10B | 11.65 | 13.66 |
| (iv) Loans | 11A | 7.84 | 7.93 |
| (v) Derivative instruments | 11B | - | 4.14 |
| (vi) Other current financial asset | 11C | 5.95 | 12.83 |
| (c) Current tax assets (net) | 12 | - | 9.73 |
| (d) Other current assets | 13 | 133.58 | 34.66 |
| Total Current Assets | | 1576.27 | 1,109.78 |
| Assets held for sale | 45 | 595.04 | 10.90 |
| Total assets | | 4,995.37 | 3,977.86 |
| II. Equity and liabilities | | | |
| Equity | | | |
| (a) Equity share capital | 14 | 95.35 | 95.01 |
| (b) Other equity | 15 | 2,990.22 | 2,389.24 |
| Total Equity | | 3,085.57 | 2,484.25 |
| Liabilities | | | |
| (1) Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16A | 424.60 | 563.82 |
| (ii) Lease liabilities | 34 | 17.90 | 13.33 |
| (b) Provisions | 17A | 7.62 | 3.02 |
| (c) Deferred tax liabilities (net) | 12 | 269.57 | 260.16 |
| (d) Other non-current liabilities | 17C | - | 0.70 |
| Total Non-Current Liabilities | | 719.69 | 841.03 |
| (2) Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16B | 342.85 | 204.28 |
| (ii) Lease liabilities | 34 | 2.21 | 0.68 |
| (iii) Trade payables | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | 18 | 41.67 | 23.43 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 18 | 301.17 | 353.19 |
| (iv) Derivative instruments | 19A | 1.46 | - |
| (v) Other financial liabilities | 19B | 339.41 | 34.86 |
| (b) Provisions | 17B | 11.91 | 14.36 |
| (c) Current tax liabilities (net) | 12 | 14.54 | - |
| (d) Other current liabilities | | | |
| (i) Contract liabilities | 212 | 7.08 | 3.91 |
| (ii) Other liabilities | 20 | 45.32 | 17.87 |
| Total Current Liabilities | | 1107.62 | 652.58 |
| Liabilities directly associated with the assets held for sale | 45 | 82.49 | - |
| Totalequity and liabilities | | 4,995.37 | 3,977.86 |

The accompanying notes are integral part of the standalone financial statements.

As per report of even date

For and on behalf of the Board of Directors of GHCL Limited

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

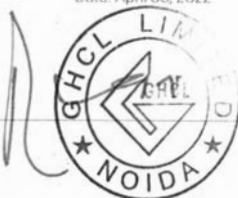
Sanjay Dalmia

Chairman
DIN: 00206992

Manoj Vaish

Director
DIN: 00157082

per Atul Seksaria

Partner
Membership No. 086370R. S. Jalan
Managing Director
DIN: 00121260Raman Chopra
CFO & Executive Director-Finance
DIN: 00954190Place : New Delhi
Date: April 30, 2022Place : New Delhi
Date: April 30, 2022Bhuvneshwar Mishra
Sr. GM- Sustainability & Company Secretary
Membership No.: FCS 5330

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

(₹ in Crores)

| Particulars | Note No. | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------|--------------------------------------|
| Revenue from continuing operations | | | |
| Revenue from operations | 21 | 3,776.36 | 2,491.18 |
| Other income | 22 | 12.14 | 7.46 |
| Total Income | | 3,790.50 | 2,498.64 |
| Expenses from continuing operations | | | |
| Cost of raw materials consumed | 23 | 1,489.12 | 949.80 |
| Purchase of stock in trade | | 236.28 | 173.31 |
| (Increase)/ Decrease in inventories of finished goods, stock-in-trade and work-in-progress | 24 | (38.47) | 12.83 |
| Power, fuel and water | | 621.34 | 371.68 |
| Employee benefit expenses | 25 | 153.23 | 128.55 |
| Depreciation and amortization expense | 26 | 116.78 | 111.40 |
| Finance costs | 27 | 63.57 | 74.32 |
| Other expenses | 28 | 337.85 | 258.57 |
| Total expenses | | 2,979.70 | 2,080.46 |
| Profit before tax from continuing operations | | 810.80 | 418.18 |
| Tax expense: | 12 | | |
| Current tax | | 214.10 | 104.85 |
| Tax adjustment of earlier years | | (0.03) | (0.93) |
| Deferred tax | | 8.43 | 7.42 |
| Total tax expense | | 212.50 | 111.34 |
| Profit for the year from continuing operations | | 598.30 | 306.84 |
| Profit before tax for the year from discontinued operations | | 70.37 | 20.39 |
| Tax Expense of discontinued operations | | (21.97) | (1.11) |
| Profit for the year from discontinued operations | 47 | 48.40 | 19.28 |
| Profit for the year | | 646.70 | 326.12 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss in subsequent years | | | |
| Re-measurement Gain/(Loss) on defined benefit plans | | 0.44 | (1.63) |
| Income tax effect | | (0.11) | 0.41 |
| Re-measurement Gain/(Loss) on investment in equity | | 1.32 | 5.95 |
| Items to be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of foreign operations | | 0.14 | 2.87 |
| Other comprehensive income/(loss) for the year, net of tax | 29 | 1.79 | 7.60 |
| Total comprehensive income for the year, net of tax | | 648.49 | 333.72 |
| Profit from continuing operations for the year attributable to: | | | |
| Owners of the Company | | 598.30 | 306.84 |
| Non-controlling interest | | - | - |
| Other comprehensive income/Loss for the year attributable to: | | | |
| Owners of the Company | | 1.79 | 7.60 |
| Non-controlling interest | | - | - |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | 348.49 | 333.72 |
| Non controlling interest | | - | - |
| Earnings per share for continuing operations per equity share nominal value of shares INR 10 (Previous year INR 10 each) | 30 | | |
| Basic (INR) | | 62.81 | 32.29 |
| Diluted (INR) | | 62.61 | 32.21 |
| Earnings per share for discontinued operations per equity share nominal value of shares INR 10 (Previous year INR 10 each) | | | |
| Basic (INR) | | 5.08 | 2.03 |
| Diluted (INR) | | 5.07 | 2.02 |
| Earnings per share for continuing and discontinued operations per equity share nominal value of shares INR 10 (Previous year INR 10 each) | | | |
| Basic (INR) | | 67.89 | 34.32 |
| Diluted (INR) | | 67.68 | 34.23 |

The accompanying notes are integral part of the standalone financial statements.

As per report of even date

For and on behalf of the Board of Directors of GHCL Limited

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Sanjay DalmiaChairman
DIN: 00206992**Manoj Vaish**Director
DIN: 00157082**per Atul Seksaria**Partner
Membership No. 086370**R. S. Jalan**Managing Director
DIN: 00121260**Raman Chopra**CFO & Executive Director-Finance
DIN: 00954190Place : New Delhi
Date: April 30, 2022Place : New Delhi
Date: April 30, 2022**Bhuvneshwar Mishra**
Sr. GM- Sustainability & Company Secretary
Membership No.: FCS 5330



Consolidated Statement of Cash Flows

for the Year ended March 31, 2022

(₹ in Crores)

| Particulars | For the Year ended March 31, 2022 | For the year ended March 31, 2021 |
|-----------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Operating activities | | |
| Profit before tax from continuing operations | 810.80 | 418.18 |
| Profit before tax from discontinued operations | 70.37 | 20.39 |
| Adjustments to reconcile profit before tax to net cash flows: | | |
| Depreciation and amortisation expenses | 131.87 | 133.41 |
| (Profit) on sale of investments | (0.51) | (1.27) |
| Loss/(gain) on sale of fixed assets | 2.84 | 8.67 |
| Interest income | (0.40) | (0.55) |
| Finance cost | 70.62 | 91.18 |
| Income from dividend | (0.05) | - |
| Employees share based payments | 0.04 | 1.56 |
| Unrealised Exchange (Gain) / Loss | 3.52 | (3.42) |
| Operating profit/(loss) before working capital changes | 1,089.10 | 668.15 |
| Changes in working capital | | |
| Adjustments for (Increase)/decrease in Operating assets: | | |
| Trade receivables | (103.06) | 53.25 |
| Inventories | (381.34) | 27.12 |
| Other current financial assets | 4.47 | 14.51 |
| Other current assets | (111.39) | 6.19 |
| Non-current financial assets | (9.00) | (1.05) |
| Other non-current assets | 0.01 | (0.31) |
| Adjustments for (Increase)/decrease in Operating liabilities: | | |
| Other non-current financial liabilities | - | (0.18) |
| Contract liabilities | 4.14 | (2.20) |
| Trade payables | 26.81 | (30.52) |
| Derivative instruments | 2.72 | -10.39 |
| Other current financial liabilities | 295.39 | 0.64 |
| Other current liabilities | 27.80 | 5.30 |
| Provisions | 2.69 | (2.38) |
| Cash generated from operations | 848.34 | 728.13 |
| Income tax paid (net) | (204.92) | (107.10) |
| Net cash generated from operating activities (A) | 643.42 | 621.03 |
| Cash flow from investing activities | | |
| Proceeds/(Payment) of Property, plant and equipment, capital work in progress and intangible assets | (337.45) | (110.71) |
| Sales/ (Purchase) of Investment (Net) | 0.43 | 1.33 |
| Interest received | 0.40 | 0.55 |
| Dividend received | 0.05 | - |
| Net cash used in investing activities (B) | (336.57) | (108.83) |



Consolidated Statement of Cash Flows

for the Year ended March 31, 2022

(₹ in Crores)

| Particulars | For the Year ended March 31, 2022 | For the year ended March 31, 2021 |
|-----------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including premium) | 5.06 | - |
| Dividend paid | (52.00) | - |
| Dividend distribution tax paid | - | (5.86) |
| Proceeds from long-term borrowings | 100.00 | 2.46 |
| Repayment of long-term borrowings | (249.41) | (246.46) |
| Proceeds/repayment from short-term borrowings | 166.71 | (227.53) |
| Payment of lease liabilities | (3.23) | (2.02) |
| Bank deposit in escrow account and Margin Money | 1.72 | 0.96 |
| Investment in deposits not classified as cash and cash equivalents | (1.63) | - |
| Interest paid | (65.29) | (90.52) |
| Net cash used in financing activities (C) | (98.07) | (568.97) |
| Net (Decrease) / Increase in cash and cash equivalents (A+B+C) | 208.78 | (56.77) |
| Cash and cash equivalents at the beginning of the year | 34.97 | 91.74 |
| Cash and cash equivalents at the end of the year | 243.75 | 34.97 |
| Components of cash and cash equivalents | | |
| Cash on hand | 0.08 | 0.17 |
| Balances with banks: | | |
| - On current accounts | 30.30 | 34.80 |
| - Deposits with original maturity of less than three months | 213.37 | |
| Total cash and cash equivalents (refer note 10A) | 243.75 | 34.97 |

Notes:

The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

The accompanying notes are integral part of the standalone financial statements.

As per report of even date

For and on behalf of the Board of Directors of GHCL Limited**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Sanjay Dalmia

Chairman

DIN: 00206992

Manoj Vaish

Director

DIN: 00157082

per Atul Seksaria

Partner

Membership No. 086370

R. S. Jalan

Managing Director

DIN: 00121260

Raman Chopra

CFO & Executive Director-Finance

DIN: 00954190

Place : New Delhi

Date: April 30, 2022

Place : New Delhi

Date: April 30, 2022

Bhuvneshwar Mishra

Sr. GM- Sustainability &

Company Secretary

Membership No.: FCS 5330



INDEPENDENT AUDITOR'S REPORT

To the Members of GHCL Textile Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of GHCL Textile Limited ("the Company"), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Responsibilities Auditor's for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Ind As Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the



financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to



the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) The Company has not paid any managerial remuneration during the year ended March 31, 2022 and accordingly the provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2022;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:



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Chartered Accountants

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv.
 - a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 10 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 10 to the financial statements, no funds have been received by the company from any person or entity, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Atul Seksaria

Partner

Membership Number: 086370

UDIN: 22086370AIEMUQ2530

Place of Signature: New Delhi

Date: April 30, 2022



ANNEXURE I referred in paragraph under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: GHCL Textile Limited (“the company”)

(i) (a) The Company is not having any property, plant & equipment and, accordingly, the requirements under paragraph 3(i)(a)(A) and 3(i)(a)(B) of the Order are not applicable to the Company hence not commented upon.

(b) The Company is not having any property, plant & equipment and, accordingly, the requirements under paragraph 3(i)(b) of the Order are not applicable to the Company hence not commented upon.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant & equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(d) According to the information and explanations given by the management, the company is not having any Property, Plant & Equipment and, accordingly, the requirements under paragraph 3(i)(d) are not applicable to the Company hence not commented upon.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company’s business does not involve inventories and accordingly, the requirements under paragraph 3(ii)(a) of the Order are not applicable to the Company.

(b) The Company has not been sanctioned any working capital limits from banks or financial institutions during any point of time of the year on the basis of security of current assets of the Company. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to Companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.



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(c) There were no loans or advance in the nature of loan granted to Companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) Since the Company has not commenced commercial production upto 31st March, 2022, the requirements relating to report on clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, cess and other statutory dues applicable to it. The provisions related to the goods and services tax, provident fund, employees' state insurance, duty of customs and duty of excise are not applicable to the Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.



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(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud/ material fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) of the Order is not applicable to the Company.

(b) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(b) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

(xvii) The Company has incurred cash losses amounting to Rs. 11,800/- in the current year and amounting to Rs. 58,151/- in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note No. 10 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) The provision of Section 135 of the Act is not applicable on the Company, therefore the requirements under paragraph 3(xx)(a) of the Order are not applicable to the Company hence not commented upon.

(b) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(b) of the Order is not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Atul Seksaria**

Partner

Membership Number: 086370

UDIN: 22086370AIEMUQ2530

Place of Signature: New Delhi

Date: April 30, 2022

ANNEXURE 2: TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF GHCL TEXTILES LIMITED**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of GHCL Textiles Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies



S.R. BATLIBOI & CO. LLP

Chartered Accountants

and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Atul Seksaria**

Partner

Membership Number: 086370

UDIN: 22086370AIEMUQ2530

Place of Signature: New Delhi

Date: April 30, 2022



ANNEXURE 11

GHCL Textiles Limited
Balance Sheet as at March 31, 2022

| Particulars | Note No. | (Amount in Rs.) | |
|----------------------------------------|----------|-------------------------|-------------------------|
| | | As at March 31, 2022 | As at March 31, 2021 |
| I. Assets | | | |
| (1) Current assets | | | |
| (a) Financial assets | | | |
| (i) Cash and cash equivalents | 5 | 51,849 | 51,849 |
| Total Assets | | 51,849 | 51,849 |
| II. Equity and Liabilities | | | |
| Equity | | | |
| (a) Equity share capital | 3 | 1,00,000 | 1,00,000 |
| (b) Other equity | 4 | (69,951) | (58,151) |
| Total equity | | 30,049 | 41,849 |
| Current liabilities | | | |
| (i) Other current liabilities | 6 | 21,800 | 10,000 |
| Total liabilities | | 21,800 | 10,000 |
| Total Equity and Liabilities | | 51,849 | 51,849 |
| Significant accounting policies | 2 | | |

The accompanying notes are an integral part of the financial statements

As per report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005




per Atul Seksaria

Partner

Membership Number: 086370

Place : New Delhi

Date : April 30, 2022

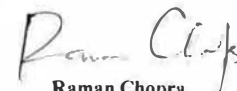
For and on behalf of the Board of
 Directors of GHCL Textiles Limited




R. S. Jalan

(Director)

DIN: 00121260



Raman Chopra

(Director)

DIN: 00954190

Place : New Delhi

Date : April 30, 2022

GHCL Textiles Limited
Statement of Profit and Loss for the year ended March 31, 2022

| Particulars | Note No. | (Amount in Rs.) | |
|----------------------------------------------------------------------------------------------------|----------|--------------------------------------|---------------------------------------------------|
| | | For the year ended March 31, 2022 | For the period June 17, 2020 to March 31, 2021 |
| Revenue | | | |
| Revenue from operations | | - | - |
| Total Income | | - | - |
| Expenses | | | |
| Other expenses | 7 | 11,800 | 58,151 |
| Total expenses | | 11,800 | 58,151 |
| Loss before tax | | (11,800) | (58,151) |
| Tax expense: | | | |
| Current tax | | - | - |
| Loss for the year | | (11,800) | (58,151) |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year, net of tax | | (11,800) | (58,151) |
| Earnings per equity share (Nominal value of share Rs. 2/- Basic & Diluted (In Rs.) | | (0.24) | (1.16) |
| Significant accounting policies | 2 | | |

The accompanying notes are an integral part of the financial statements

As per report of even date

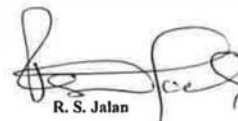
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005


per Atul Seksaria
Partner
Membership Number: 086370
Place : New Delhi
Date : April 30, 2022



For and on behalf of the Board of Directors of
GHCL Textiles Limited




R. S. Jalan
(Director)

DIN: 00121260


Raman Chopra
(Director)

DIN: 00954190

Place : New Delhi

Date : April 30, 2022

GHCL Textiles Limited
Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share capital

| Particulars | Number | (Amount in Rs.) |
|------------------------------------------------------------------|--------|-----------------|
| Equity shares of Rs. 2 each issued, subscribed and fully paid up | | |
| Balance as at April 1, 2020 | - | - |
| Changes in share capital- Equity share issued during the year | 50,000 | 1,00,000 |
| Balance as at March 31, 2021 | 50,000 | 1,00,000 |
| Changes in share capital- Equity share issued during the year | - | - |
| Balance as at March 31, 2022 | 50,000 | 1,00,000 |

B. Other equity

| Particulars | (Amount in Rs.) | |
|------------------------------|----------------------|--------------------|
| | Reserves and surplus | Total Other equity |
| | Retained earnings | |
| | (refer note 4) | |
| Balance as at April 1, 2020 | - | |
| Profit / (loss) for the year | (58,151) | |
| Balance as at March 31, 2021 | (58,151) | (58,151) |
| Profit / (loss) for the year | (11,800) | (11,800) |
| Balance as at March 31, 2022 | (69,951) | (69,951) |

Significant accounting policies

2

The accompanying notes are an integral part of the financial statements
As per report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005



per Atul Seksaria

Partner

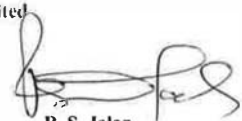
Membership Number: 086370

Place : New Delhi

Date : April 30, 2022



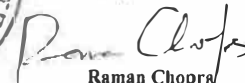
For and on behalf of the Board of Directors of
GHCL Textiles Limited

R. S. Jalan

(Director)

DIN: 00121260



Raman Chopra

(Director)

DIN: 00954190

Place : New Delhi

Date : April 30, 2022

GHCL Textiles Limited
Statement of Cash Flow for the year ended March 31, 2022

(Amount in Rs.)

| Particulars | For the year ended March 31, 2022 | For the period June 17, 2020 to March 31, 2021 |
|-----------------------------------------------------------------|--------------------------------------|------------------------------------------------------|
| Cash flow from operating activities | | |
| Loss before tax | (11,800) | (58,151) |
| Adjustments to reconcile profit before tax to net cash flows: | - | - |
| Operating cash flow before working capital changes | (11,800) | (58,151) |
| Changes in working capital | | |
| Increase in other current liabilities | 11,800 | 10,000 |
| Cash generated from operations | - | (48,151) |
| Income tax paid (net) | - | - |
| Net cash flows used in operating activities (A) | - | (48,151) |
| Net cash flows from / (used) in investing activities (B) | - | - |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including premium) | * | 1,00,000 |
| Net cash generated from financing activities (C) | - | 1,00,000 |
| Net increase in cash and cash equivalents (A+B+C) | - | 51,849 |
| Cash and cash equivalents at the beginning of the year | 51,849 | - |
| Cash and cash equivalents at the end of the year | 51,849 | 51,849 |
| Components of cash and cash equivalents | | |
| Cash on hand | * | * |
| Balances with banks | | |
| - On current accounts | 51,849 | 51,849 |
| Total cash and cash equivalents (note 5) | 51,849 | 51,849 |

Notes:

1. The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

Significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

Atul Seksaria

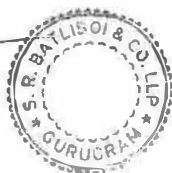
per Atul Seksaria

Partner

Membership Number: 086370

Place : New Delhi

Date : April 30, 2022



For and on behalf of the Board of Directors of
GHCL Textiles Limited



R. S. Jalan

R. S. Jalan
(Director)

DIN: 00121260

Raman Chhpra

Raman Chhpra
(Director)

DIN: 00954190

Place : New Delhi

Date : April 30, 2022


Details of Assets and Liabilities of Spinning Division of GHCL Limited as on 31-Mar-2022:

| Particulars** | Reference | Amount (INR in Crores) (Standalone) |
|-----------------------------------|--------------|-------------------------------------------|
| Non-Current Assets | | 928.00 |
| Current Assets | | 406.85 |
| Asset classified as held for sale | | 3.61 |
| Total Assets | [A] | 1,338.46 |
| Total Debt | | 226.95 |
| Net Current liabilities | | 67.77 |
| Deferred Tax Liability | | - |
| Total Liabilities | [B] | 294.72 |
| Net Assets | [A-B] | 1,043.74 |

** Basis Audited standalone financials of GHCL Limited as on 31-Mar-2022



B- 38, GHCL House, Institutional Area, Sector- 1, Noida, (U.P.) - 201301, India. Ph. : +91-120-2535335, 4939900, Fax : +91-120-2535209
CIN : L24100GJ1983PLC006513, E-mail : ghclinfo@ghcl.co.in, Website : www.ghcl.co.in

Regd. Office : GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad, Gujarat - 380009, India

ANNEXURE 13

APPLICABLE INFORMATION IN THE FORMAT SPECIFIED FOR ABRIDGED PROSPECTUS (AS PROVIDED IN PART E OF SCHEDULE VI OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018)

This document contains applicable information pertaining to the unlisted entity, GHCL Textiles Limited ("GHCL Textiles" or the "Resulting Company" or "the Company") in accordance with Part E of Schedule VI of the SEBI (Issue Of Capital And Disclosure Requirements) Regulations, 2018 ("SEBI (ICDR) Regulation") read with Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23rd November 2021, issued by the Securities and Exchange Board of India ("SEBI").

This document also contains the salient features of the Scheme of Arrangement under Sections 230-232 read with Section 66 of the Companies Act, 2013 and all other applicable provisions and rules thereunder involving GHCL Limited ("GHCL" or "Demerged Company"), GHCL Textiles and their respective shareholders and creditors (the "Scheme"). The Scheme is also available on the websites of BSE Limited i.e. www.bseindia.com and the National Stock Exchange of India Limited i.e. www.nseindia.com. Nothing in this document constitutes an offer or an invitation by or on behalf of "GHCL LIMITED" to subscribe for or purchase any of the securities of GHCL.

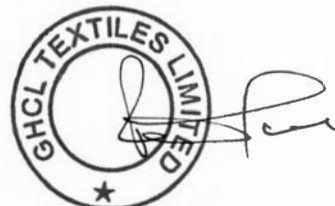
THIS ABRIDGED PROSPECTUS CONTAINS 13 PAGES.
PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES

This document dated 08.07.2022 should be read together with the Scheme of Arrangement and the notice to the shareholders of GHCL Limited in connection with the scheme

**Capitalised words not defined herein shall mean the word as defined in the Scheme*

| |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NAME AND CORPORATE DETAILS OF ISSUER COMPANY |
| GHCL TEXTILES LIMITED |
| <p>Registered Office GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad Gujarat - 380009 Corporate Office: GHCL House, B-38, Institutional Area, Sector-1, Noida, Uttar Pradesh – 201301</p> <p>Telephone: 91-120-2535335 Fax: 91-120-2535209 Email: secretarial@ghcl.co.in Corporate Identification Number: U18101GJ2020PLC114004 Contact person: Mr. Bhuneshwar Mishra</p> |
| PROMOTER OF THE COMPANY |
| GHCL Limited |
| ISSUE DETAILS, LISTING AND PROCEDURE |
| <p>Issue Details:</p> <p>The Board of Directors of GHCL and GHCL Textiles has considered and approved the Scheme of Arrangement in their respective meetings held on 06th December 2021. The Scheme is subject to approval from shareholders, creditors, BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE"), (together referred to as "Stock Exchange"), SEBI and the National Company Law Tribunal</p> |

1



("NCLT"). GHCL Textiles shall issue equity shares to the shareholders of GHCL pursuant to the Scheme. Further, existing shares held by GHCL into GHCL Textiles will be cancelled.

Listing:

Upon the Scheme becoming effective, the Resulting Company shall apply for listing of its shares (issued pursuant to Scheme) on the recognized stock exchange(s).

Eligibility Criteria:

There being no Initial public offering or right issue, the eligibility criteria of SEBI (ICDR) Regulation, 2018 does not become applicable. However, SEBI vide its Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23rd November 2021 stated that the listed entity shall include the applicable information pertaining to the unlisted entities involved in the Scheme in the format prescribed for abridged prospectus as provided in Part E of Schedule VI of the SEBI (ICDR) Regulation, as amended and the same has to be annexed with the Notice or explanatory statement or proposal accompanying resolution to be sent to and passed by shareholders while seeking approval of the Scheme.

Accordingly, in compliance with Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23rd November 2021, the Company has submitted the relevant information, as and where applicable for the unlisted company, in line with the format for Abridged Prospectus specified under Part E of Schedule VI of the SEBI (ICDR) Regulation, 2018 as amended from time to time.

INDICATIVE TIMELINES

This abridged Prospectus is filed pursuant to the Scheme and is not an offer to public at large. Given that the Scheme requires approval of various regulatory authorities including and primarily, the NCLT, the time frame cannot be established with certainty.

GENERAL RISKS

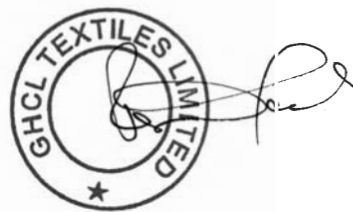
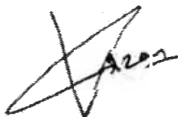
Investments in equity and equity related securities involve a degree of risk. Specific attention of the shareholders are invited to the section titled "Risk Factors" of this Disclosure Document and the Information Memorandum to be issued by the Company for listing of the equity shares in compliance with BSE Observation Letter no. DCS/AMAL/TL/R37/2247/2021-22 (dated 3-Mar-22) and NSE Observation Letter no. NSE/LIST/29482_II (dated 3-Mar-22) read with SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23rd November 2021.

DETAILS OF THE SCHEME OF ARRANGEMENT

A. Rationale for the Scheme:

The Demerged Company is inter-alia engaged in business verticals, namely Chemical and Spinning Division. The Chemical business is highly capital driven with long gestation period. Spinning 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.

Management believes that the risk and reward associated with each of the aforesaid business verticals are different and are at different maturity stage in their life cycles. Each business verticals have a distinct attractiveness to divergent set of investors. In order to unlock potential of each business vertical, management intend to demerge the Spinning Division Business, on a going concern basis, into GHCL Textiles Limited its wholly owned subsidiary, with a resultant mirror image shareholding, and whose shares would be listed on the Stock Exchange after the demerger.



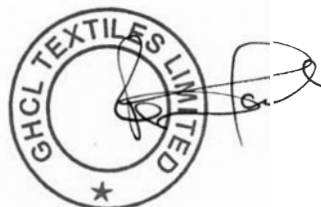
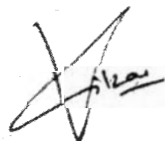
The Scheme is expected to result in following benefits:-

- a) Facilitate focused growth, concentrated approach, business synergies and increased operational and customer focus for respective business verticals.
- b) Rationalization of operations with greater degree of operational efficiency and optimum utilization of various resources.
- c) The Resulting Company, with clear identity of being a Spinning Business, will enable 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) Ability to leverage financial and operational resources in each business verticals will lead to possibilities of joint ventures and associations with other Industry participants, both in India and globally, and will facilitate attracting greater talent pool.
- f) Each business will be able to address independent business opportunities with efficient capital allocation and attract different set of investors, strategic partners, lenders and other stakeholders, thus leading to enhanced value creation for shareholders, which would be in the best interest of the Demerged Company and Resulting Company and their respective stakeholders connected therewith
- g) Simplification and rationalization of business undertakings holding structure of the Company.

B. Key Salient Features of the Scheme:

The Scheme provides for the following, amongst others, which shall be deemed to have occurred on the Effective Date (as defined in the Scheme):

- 1) With effect from the Appointed Date, the whole of the undertaking and properties comprising all tangible and intangible assets including but not limited to all kinds of contingent rights or benefits, entitlements, licenses (of any nature whatsoever), trademarks, logo, copyright, patent, brand/trade name, knowledge, innovations, goodwill, whether or not recorded or appearing in the books of accounts of the Demerged Company pertaining to the Spinning Division, as aforesaid, shall, under the provisions of Sections 230 to 232 of the Act and any other relevant provisions of the Act, if any, without any further act or deed, be transferred to and be vested in and/or be deemed to be transferred to the Resulting Company so as to vest in the Resulting Company all the rights, title and interest pertaining to the Spinning Division of the Demerged Company.
- 2) With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Demerged Company relating to the Spinning Division, under the provisions of Sections 230 to 232 of the Act and any other relevant provisions of the Act, without any further act or deed, be transferred to and/or deemed to be transferred to the Resulting Company as the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities and obligations have arisen in order to give effect to the provisions of this sub-clause.
- 3) Any loans or other obligations, if any, due between the Spinning Division of the Demerged Company and the Resulting Company or any other transactions between the Spinning Division of the Demerged Company and the Resulting Company as on the Appointed Date, shall stand automatically extinguished.
- 4) On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, have been replaced with



that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank accounts of the Demerged Company pertaining to the Demerged Undertaking, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Demerged Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.

- 5) The Resulting Company shall without any further act, issue and allot its equity shares of face value of Rs. 2 each as consideration to each equity shareholder of the Demerged Company, whose name is recorded in the register of members of the Demerged Company as on Record date or to their respective heirs, executors, administrators or other legal representatives or successors-in-title, as the case may be, in the following manner:

"1 (One) equity share of the Resulting Company of face value of INR 2 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in the Demerged Company (i.e. GHCL)"

- 6) Upon this Scheme coming into effect and with effect from the Appointed Date (and consequent to transfer of a part of the existing authorised share capital of the Demerged Company to the Resulting Company), the authorised share capital of the Demerged Company shall stand reduced by 3,50,00,000 equity shares of Rs. 10 each. Such reduced authorised share capital shall stand transferred to the Resulting Company. Revised Clause 5 of the Memorandum of Association of the Demerged Company, post giving effect to above transfer, shall stand modified and be substituted by the following:

"The Authorised Share Capital of the Demerged Company will be Rs 140,00,00,000/- divided into 14,00,00,000 equity shares of Rs 10 each post scheme."

The Scheme is subject to approval from shareholders, creditors, BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE") ("Stock Exchange"), SEBI, National Company Law Tribunal ("NCLT") and other regulatory authorities, as applicable.

NAME OF THE CURRENT STATUTORY AUDITOR of GHCL TEXTILES

S. R. Balitboi & Co. LLP, 2nd & 3rd Floor, Golf View Corporate Tower-B, Sector-42, Sector Road, Gurugram-12202, Haryana, India

PROMOTER OF GHCL TEXTILES

GHCL Limited is the holding company of GHCL Textiles Limited. GHCL Limited ('Demerged Company' or 'GHCL') is a public limited company incorporated under the Companies Act, 1956, and having its registered office at GHCL House, Opposite Punjabi Hall, Navrangpura, Ahmedabad, Gujarat-380009. Its Corporate Identity Number ('CIN') is L24100GJ1983PLC006513 and Permanent Account Number ('PAN') is AAACG5609C. The Demerged Company was originally incorporated (and commenced business) on October 14, 1983 under the name Gujarat Heavy Chemicals Limited. The name of the Demerged Company was subsequently changed to GHCL Limited on November 21, 2003. The equity shares of the Demerged Company are listed on the BSE Limited and the National Stock Exchange of India Limited.

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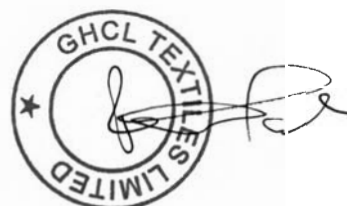


The Equity shares of GHCL are listed on the NSE – Security Symbol: GHCL and BSE - Security Symbol:500171. The issued, subscribed and paid-up capital of GHCL is Rs. 95,58,57,860/- consisting of 9,55,85,786 equity shares of Rs. 10/- each.

The Demerged 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) Yarn manufacturing, spinning of yarn and other ancillary materials from its factory/plant situated at Madurai and Manaparai Tamil Nadu ('Spinning Division').

***Promoters of GHCL**

| S. No. | Name | Shares (Nos) | Shareholding (%) |
|--------|-------------------------------------------------------|--------------|------------------|
| 1. | Anurag Dalmia (HUF) | 7,87,274 | 0.83% |
| 2. | Anurag Dalmia | 1,10,000 | 0.12% |
| 3. | Neelabh Dalmia | 1,04,500 | 0.11% |
| 4. | Gems Commercial Company Limited | 29,40,207 | 3.08% |
| 5. | Oval Investment Private Limited | 25,88,848 | 2.72% |
| 6. | Lhonak Enternational Private Limited | 13,65,599 | 1.43% |
| 7. | Hindustan Commercial Company Limited | 29,44,737 | 3.09% |
| 8. | Carissa Investment Private Limited | 4,81,752 | 0.51% |
| 9. | Golden Tobacco Limited | 16,578 | 0.02% |
| 10. | Harvatex Engineering And Processing Company Limited | 4,15,723 | 0.44% |
| 11. | Anurag Trading Leasing And Investment Company Pvt Ltd | 2,87,200 | 0.30% |
| 12. | WGF Financial Services Ltd | 3,78,807 | 0.40% |
| 13. | Dalmia Finance Ltd | 2,00,244 | 0.21% |
| 14. | Archana Trading And Investment Company Pvt. Ltd. | 1,32,848 | 0.14% |
| 15. | Bharatpur Investment Limited | 38,842 | 0.04% |
| 16. | Sanjay Trading Investment Company Private Limited | 29,100 | 0.03% |
| 17. | General Exports And Credits Limited | 17,000 | 0.02% |
| 18. | Pashupatinath Commercial Pvt. Ltd. | 15,000 | 0.02% |
| 19. | Sovereign Commercial Pvt. Ltd. | 6,000 | 0.01% |
| 20. | Dalmia Housing Finance Ltd | 5,707 | 0.01% |
| 21. | Trishul Commercial Pvt. Ltd. | 5,100 | 0.01% |
| 22. | Swastik Commercial Pvt. Ltd. | 3,700 | 0.00% |
| 23. | Alankar Commercial Private Limited | 2,600 | 0.00% |
| 24. | Ricklunsford Trade And Industrial Investment Ltd | 1,960 | 0.00% |
| 25. | Chirawa Investment Limited | 1,860 | 0.00% |
| 26. | Lakshmi Vishnu Investment Limited | 1,860 | 0.00% |
| 27. | Mourya Finance Limited | 1,860 | 0.00% |

| | | | |
|-----|----------------------------------|--------------------|---------------|
| 28. | Sikar Investment Company Limited | 1,800 | 0.00% |
| 29. | Antarctica Investment Pvt Ltd | 768 | 0.00% |
| 30. | Comosum Investment Pvt Ltd | 701 | 0.00% |
| 31. | Lovely Investment Pvt Ltd | 645 | 0.00% |
| 32. | Altar Investment Pvt Ltd | 318 | 0.00% |
| 33. | Ilac Investment Private Limited | 217 | 0.00% |
| 34. | Dear Investment Pvt Ltd | 55 | 0.00% |
| 35. | Banjax Limited | 27,89,700 | 2.93% |
| 36. | Hexabond Limited | 27,18,200 | 2.85% |
| | Total | 1,81,82,810 | 19.07% |

*The above Promoters shareholding is based on the shareholding as on March 31, 2022.

BUSINESS MODEL/BUSINESS OVERVIEW AND STRATEGY OF GHCL TEXTILES

GHCL Textiles Limited ('The Resulting Company' or 'GHCL Textiles' or 'the Company'), a Public Limited Company, was incorporated on June 17, 2020 under Companies Act, 2013 having its registered office at GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad, Gujarat, India, 380009.

GHCL Textiles is authorized by its Memorandum of Association to carry on the business of processing, re-processing, converting, researching, developing, refining, preparing, blending, purifying, piping, dyeing, producing, developing, manufacturing, spinning, weaving, ginning, bailing, pressing, retailing, formulating, acquiring, dealing in, buying, selling, storing, stocking, distributing, supplying, importing & exporting all kinds of textiles, textile products, yarns, cotton, spun, synthetic, polyester, acrylic, dyed, combed, gassed, mercerized, silk, wool, knitted fabric, fibres, dyes, cloth, leather, garments, cushions, pillows, mattresses, canvas, terry towels, terry products, bath robes, terry cloth, shearing cloth, waste cloth and derivatives, by-products, intermediates and mixtures thereof including but not limited to any kinds of home textiles, technical textiles, home furnishings, readymade garments, coverings, coated fabrics, hosiery, undergarments and silk or merchandise of every kind and description and other production goods, articles and things as are made from or with cotton, nylon, acrylics, jute and other such kinds of fibre by whatever name called or made under any process, whether natural or manmade or artificial and by mechanical or other means and all other such products of allied nature made thereof and also to set up company owned retail outlets or to issue to franchisee rights to buy, sell or otherwise deal in such products. At present, NNPL does not carry on any business activity.

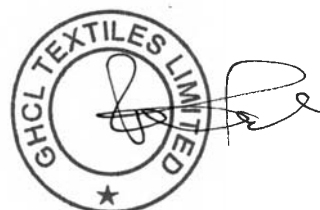
As on the date of this Abridged Prospectus, GHCL Textiles is not carrying on any business activity. Pursuant to the Scheme of Arrangement becoming effective, "Spinning Division" (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the "Spinning Division"), be demerged from GHCL Ltd and stand transferred to and vested in GHCL Textiles Ltd.

BOARD OF DIRECTORS OF GHCL TEXTILES

| Sr.No | Name | Designation | Experience including current/past position held in other firms |
|-------|------------------------|-------------|----------------------------------------------------------------|
| 1 | Mr. Ravi Shanker Jalan | Director | Mr. R S Jalan is Managing |



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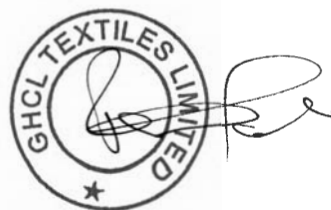
| | | | |
|---|--------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | Director of GHCL Ltd and is having more than 35 years of experience. He is a graduate in Commerce and Fellow member of Institute of Chartered Accountants of India and having a very wide experience in Corporate Finance and Textiles business. |
| 2 | Mr. Neelabh Dalmia | Director | Mr. Neelabh Dalmia is Executive Director (Textiles) of GHCL Limited. He holds a Master of Business Administration (MBA) and a Bachelors of Science in Business Administration majoring in Finance & Entrepreneurship from the Kelley School of Business at Indiana University, USA. He has been leading and strategically guiding the company's overall growth sustainably. |
| 3 | Mr. Raman Chopra | Director | Mr. Raman Chopra is a CFO & Executive Director (Finance) of GHCL Ltd and is having more than 30 years of experience. He is a graduate in Commerce and Fellow member of Institute of Chartered Accountants of India. |

OBJECTS OF THE ISSUE

The Resulting Company does not propose to raise any capital and the equity shares of the Resulting Company are unlisted. The Resulting Company will issue its equity shares to the shareholders of Demerged Company on the Record Date to be fixed in this behalf by the Board of Directors of the Demerged Company in consultation with the Resulting Company in the ratio as specified in the Scheme and approved by the Hon'ble NCLT. The equity shares so issued by the Resulting Company will be listed on the Stock Exchanges.



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Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issues/rights issues, if any, of the Company in the preceding 10 years: Not Applicable.

| CAPITAL STRUCTURE OF GHCL TEXTILES AS ON DATE OF THIS ABRIDGED PROSPECTUS | |
|----------------------------------------------------------------------------------|------------------------|
| Particulars | (Amount in Rs.) |
| Authorized Capital | |
| 7,50,000 Equity shares of Rs. 2 each | 15,00,000 |
| Total | 15,00,000 |
| Issued, Subscribed and Paid-up | |
| 50,000 Equity shares of Rs. 2 each | 1,00,000 |
| Total | 1,00,000 |

SHAREHOLDING PATTERN OF GHCL TEXTILES AS ON 01.07.2022

| Sr. No | Particular | No. of Shares | % holding of Share Capital |
|---------------|-----------------------------------------------------------|----------------------|-----------------------------------|
| 1 | GHCL Limited | 49994 | 99.99 |
| 2 | Mr. Neelabh Dalmia (as Nominee of GHCL Limited) | 1 | 0.002 |
| 3 | Mr. Ravi Shanker Jalan (as Nominee of GHCL Limited) | 1 | 0.002 |
| 4 | Mr. Raman Chopra (as Nominee of GHCL Limited) | 1 | 0.002 |
| 5 | Mr. Bhuneshwar Prasad Mishra (as Nominee of GHCL Limited) | 1 | 0.002 |
| 6 | Mr. Sunil Gupta (as Nominee of GHCL Limited) | 1 | 0.002 |
| 7 | Mr. Abhishek Chaturvedi (as Nominee of GHCL Limited) | 1 | 0.002 |
| | Total | 50,000 | 100 |

FINANCIAL SUMMARY

A. Name of the Company: GHCL Textiles Limited* ('Resulting Company')

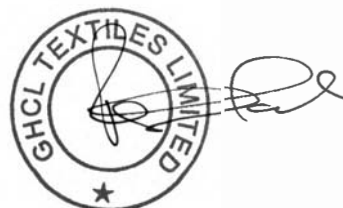
The financial details of GHCL Textiles Limited for the previous 3 years as per the unaudited statement of Accounts as certified by the management

(Amount in INR)

| Particulars | As per Audited Financial Year | For the period | 1 year prior to the last Audited Financial Year | 2 years prior to the last Audited Financial Year |
|--------------------|--------------------------------------|-----------------------|--------------------------------------------------------|---------------------------------------------------------|
| | | | | |



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| <i>(Basis – Standalone financials)</i> | 2021-22 | June 17, 2020 to March 31, 2021 | 2019-20 | 2018-19 |
|----------------------------------------|----------|---------------------------------|---------|---------|
| Equity Paid up Capital | 1,00,000 | 1,00,000 | - | - |
| Reserves and surplus | (69,951) | (58,151) | - | - |
| Carry forward losses | - | - | - | - |
| Net Worth | 30,049 | 41,849 | - | - |
| Miscellaneous Expenditure | - | - | - | - |
| Secured Loans | - | - | - | - |
| Unsecured Loans | - | - | - | - |
| Fixed Assets | - | - | - | - |
| Income from Operations | - | - | - | - |
| Total Income | - | - | - | - |
| Total Expenditure | 11,800 | 58,151 | - | - |
| Profit/Loss before Tax | (11,800) | (58,151) | - | - |
| Profit/Loss after Tax | (11,800) | (58,151) | - | - |
| Cash profit | - | - | - | - |
| EPS ¹ | (0.24) | (1.16) | - | - |
| Book value/share ² | 2.0 | - | - | - |

¹Per share value in INR

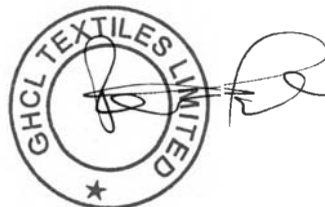
²The Company was incorporated on 17-June-2020

Notes:

1. The above information is on the basis of standalone financials of Resulting Company as certified by the management and audited by its Statutory Auditors.
2. Net worth means aggregate of the paid-up value of share capital and free reserves.
3. Book Value is calculated by dividing Net-worth by No. of equity shares as provided in the financial statement of Resulting Company as certified by the management.

RISK FACTOR

Risks are inherent to any enterprise, and effective governance and risk management underlines a company's foundation. Sustainable business requires that the risks be managed proactively and promptly before they can start damaging the performance of the company.

The Company has been incorporated with the objective to carry out the inter alia the business of manufacture, selling, distributing of Yarn. However, the risk management is an integral component of a good governance and fundamental in achieving strategic and operational objectives.

At present, GHCL Textiles does not carry on any business activity. However once operational, the Company i.e. GHCL Textiles may be exposed to the risks.

The Scheme is subject to the approval of (a) shareholders and creditors of GHCL and GHCL Textiles including a majority of public shareholder of GHCL, (b) applicable third parties, including any applicable government authority in India, (c) Competition Commission of India (“CCI”), (d) the Hon’ble National Company Law Tribunal (“NCLT”), Ahmedabad Bench, in accordance with Section 230 to 232 of Companies Act 2013, (e) BSE Limited (“BSE”), the National Stock Exchange of India Limited (“NSE”), (together referred to as “Stock Exchange”), and (f) Securities and Exchange Board of India (“SEBI”).

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTIONS

A. As on date, there are no litigation, claims and regulatory actions pending against the GHCL Textiles Limited.

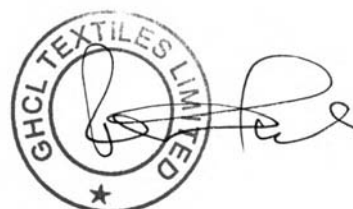
B. **Regulatory action, if any: Disciplinary action taken by SEBI or stock exchange against the Promoter / Promoter Group companies in the last 5 years including outstanding action, if any**

GHCL Limited is the promoter of GHCL Textiles Limited.

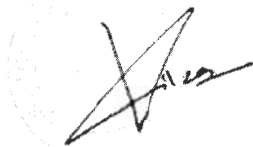
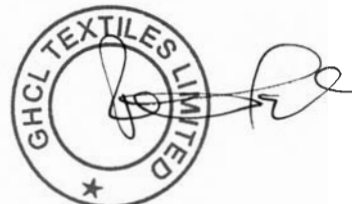
During the financial year 2019-20, BSE and NSE imposed penalty of INR 10,000 each under SOP of Listing Regulations against the GHCL Limited. GHCL Limited had deposited the penalty amount and matter was closed.

C. **Brief details of outstanding criminal proceedings against Promoter (GHCL Limited):**

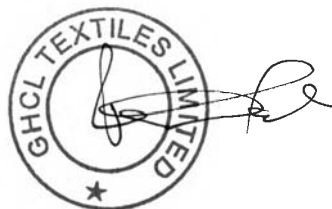
| S. No. | CASE & COURT DETAILS | NATURE OF DISPUTE | Amount Involved (INR) | PROGRESS UPDATE |
|---------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Civil Cases: | | | | |
| 1 | Original Application No. 58/2018(WZ) (M.A. No. 103/2018) NGT- Pune Bench | <u>Limestone Mines- Environment Impact Assessment</u> <u>Issue:</u> A PIL was filed by an NGO Protection of Environment against GHCL (and 11 other mine owners) before National Green Tribunal, Western Bench, Pune alleging that GHCL | 50,625,000 | GPCB has assessed the environmental damage caused by Gorakhmadi Mines as Rs. 4,50,00,000/- and Kodidra Mines as Rs. 56,25,000/- GHCL to file its objections. In the meanwhile Petitioner has filed an application for withdrawal of his case. |



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| | | is operating its two Lime Stone Mines located at Kodridra and Gorkahmadhi without getting Environmental Clearance from the concerned authorities and illegally mining the mineral. | | No order has passed till date. |
| 2 | C.P. No. 215/2014 HT Media Vs GHCL, Gujarat HC | <u>Winding up petition against GHCL:</u> HT Media has filed a winding up petition for recovery of Rs.5 Crs. alongwith interest @ 15% p.a. from GHCL under a Debenture Subscription Agreement dt. 24.02.2009. The claim is resisted by GHCL on the ground that Delhi High Court has referred the parties to arbitration and GHCL already appointed its arbitrator. | 50,000,000 | Reply filed by GHCL before Gujarat HC that HTML has withdrawn earlier proceedings before Delhi High Court to initiate arbitration proceedings as per the Debenture Subscription Agreement. No case is listed for final arguments. |
| 3 | Limestone Mines Appeals at Gandhi Nagar | <u>Demand relating to Limestone Mines:</u> Flying Squad, Geology & Mines inspected the 12 limestone mines of GHCL in September 2015 and issued show cause notices in October 2015 after the site inspection disclosed an excess production. Replies were filed and it was clarified in the personal hearing that there was no violation and the | 50,000,000 | Out of the 12 mines, The Deputy Director, Geology & Mining, passed an order on 25.06.2018 in respect of six mines by raising a demand for a lesser quantity and amount. This has been carried in appeal and a stay was granted on deposit of 30% of the penalty amount. GHCL deposited 30% of the penalty amount. Now these appeals have to be heard finally. |

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| | | error, if any, was on account of (i) the unscientific manner in which the vast extent of lands measuring 1500 Acres was measured by the field staff within a short span of 2.5 days, (ii) the refusal on the part of the field staff / authorities to reconcile the measurements with official records like surface plan and maps approved by IBM and produced by GHCL and (iii) the demand was contrary to law and procedure. | | The Deputy Director, Geology & Mining passed orders in the balance six mines also. GHCL has filed appeal after paying 30% of the demand in the case of only in three mines viz., Sutrapada E and F Blocks and Meghpur. Other three mines viz., Harnasa, Nakhada and Khambha & Bhimdeol GHCL has paid the entire penalty amount and closed the cases. |
| 4 | E.P. No. 109 / 2011 Civil Judge (SD) at Valsad | Kipfold Case: Kipfold Ltd., filed a petition for executing an ex-parte foreign decree against GHCL for payment of ₹4,74,452 alongwith interest @ 8 % pa. | 41,195,559 | GHCL has filed its reply and the case is fixed for arguments of Kipfold. Case is transferred to Vapi Court NDOH to be notified |
| 5 | SCA No. 9913 / 2012 Gujarat High Court | Gordon John Case: Gordon John filed a petition to execute an ex-parte foreign decree for ₹ 3,65,051 plus ₹ 6,034 towards interest @ 8% on a corporate guarantee issued by GHCL. Gordon John's petition was dismissed / rejected. Gordon John has now approached Gujarat HC stating that GHCL's failure to get approval from RBI was a violation | 34,594,605 | RBI filed its limited reply stating that guarantee requires prior RBI approval. GHCL's reply is filed. Case is at the stage of final arguments. |



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| | | involving penal consequences. | | |
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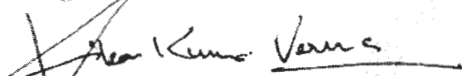
ANY OTHER IMPORTANT INFORMATION AS PER THE MERCHANT BANKER/GHCL TEXTILES

In line with the undertaking submitted to NSE, while seeking their No objection on the proposed demerger of spinning division of the Company and as advised by NSE, we would like to inform about a pending case (not related to GHCL) against Golden Tobacco Limited, a promoter entity and some of its past directors (including Mr. Anurag Dalmia), which was filed by SFIO and is pending with the Tis Hazari Court in Delhi. The matter is sub-judice.

DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines / regulations issued by the Government of India or the guidelines / regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Abridged Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Abridged Prospectus are true and correct.

For Fast Track Finsec Private Limited
Registration Code : INM000012500




Vikas Kumar Verma (Director)

DIN: 05176480

Date: 08.07.2022

Place: New Delhi

For GHCL Textiles Limited


Ravi Shanker Jalan (Director)

DIN: 00121260
Date: 08.07.2022
Place: Noida

